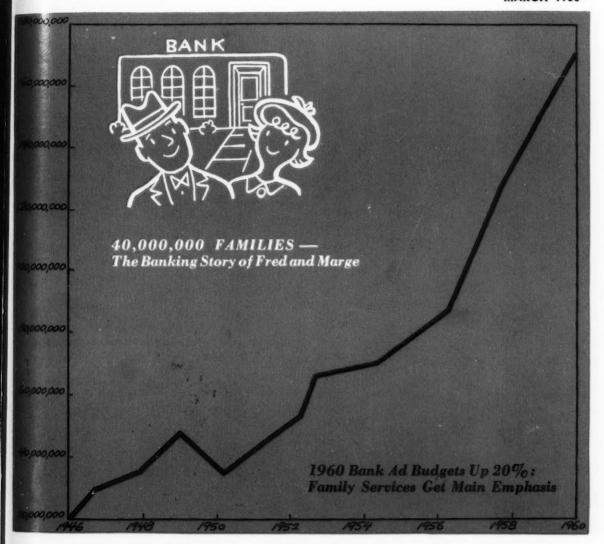
BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

MARCH 1960



A Kid Gets a Job in a Bank

(page 40)

TH about loan problems?

Today, all bankers are thinking hard and seriously about how to lend money wisely without contributing to inflation

sed on actual security—the merchandise

detailed information about how to say "yes" wers without saying "yes" to inflationary loans,

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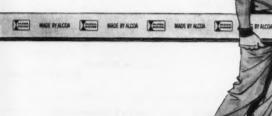














ALCOA SIDING OFFERS INVESTORS LONG-TERM BENEFITS

Here's a New Wall of Protection for Home Building and Improvement Departments

Now beauty, protection and comfort are combined in a single product: Alcoa® Siding . . . made only by Aluminum Company of America. Consequent higher resale values and lower depreciation rates provide a way to gain long-term protection for builder loans.

It's the newest of more than a score of products of Alcoa Aluminum that serve home builders and owners. Built-in insulation, plus a strong Alcoa Aluminum alloy, plus a finish that won't chip, crack, flake, peel or blister, makes Alcoa Siding a formidable barrier against the most unseasonable weather. Five attractive colors and simple style allow it to blend with any home design. And it even makes remodeling easier by eliminating any "patchwork" effect.

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Intensive advertising and promotion by Alcoa on radio and TV, in magazines and newspapers, in booklets, brochures and other selling aids do a continuous selling job to builders and consumers.

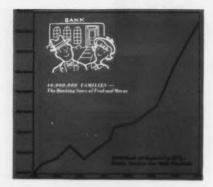
Watch for the advertising . . . be ready to welcome new building and home improvement loan applications using Alcoa Siding . . . and, for additional information, write: Aluminum Company of America, 2208-C Alcoa Building, Pittsburgh 19, Pennsylvania.



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In This Issue



Fred and Marge—and Millions of Others

THEY'RE the hypothetical couple we created for story-telling purposes—a story with a point, of course. A sequence of 10 little sketches reconstructs important events in the lives of Fred and Marge, emphasizing the importance of bank services in the successful outcome of each. As Fred tells his son, at the close, it was "quite a partnership down through the years." And it's multiplied many million times in every generation.

Thus, the "40,000,000 Families . . ." reference. (Page 45.)

\$172,000,000 Now, but Still Rising

COMMERCIAL banks' advertising expenditures planned for this year will total \$172,000,000, an increase of more than 20% over 1959, and it's reasonable to expect that the figure will top \$200,000,000 in 1961. These figures come from the report by G. Edwin Heming on the annual survey made by the A.B.A. Advertising Department, of which he is manager. This year's increases appear in practically every size group.

Of particular interest, at this time of emphasis on thrift as a safeguard against inflation, is the fact that 45% of the reporting banks said they planned to put most of their advertising effort on the increase of savings deposits. Mr. Heming's report starts on page 68.

New High School Grads Make Good Bank Freshmen

This is the open season for personnel recruitment, and we have a story on one bank's carefully worked out method for adding high school young-sters to the staff. The program, described in detail, is working very well—in fact, approximately 125 enthusiastic diploma holders are being employed annually. "A Kid Gets a Job in a Bank . . . and How the Bank Helped" is on page 40.

Investments, Estates, and 2,361 Trust People

The 1960 Midwinter Trust Conference sponsored by the A.B.A. Trust Division was a record-breaker, with a registration of 2,361 and a program that had considerable interest outside the trust field. Investments, for instance, are providing a topic for something more than deskside or after-dinner chit-chat these days. In reporting the big New York Conference—incidentally, it was No. 41—we pay particular attention to them. See not only the Conference story (page 91), but Investment Forum (page 4).

BANKING

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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

COMPLETE - AUTHENTIC

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BANKING'S Investment Forum

Investment Environment in the 1960s

The following paragraphs are the conclusion of the address by Dr. MARCUS NADLER at the Mid-Winter Trust Conference in New York City on February 8. Dr. NADLER is Professor of Finance at New York University.

The investment environment during the present decade will depend on the economic climate which will be shaped by the growth of population; the results of research and international economic and political developments; and, above all, by the response of the American people to the challenge emanating from the above developments. As during the past, so during the present decade, the prime problems remain inflation and the rising cost of government for defense and civilian purposes. The important forces that will operate in the economy contain inflationary as well as anti-inflationary aspects.

The expected rise in the number of individuals 65 years and older as well as the sharp increase in the number of children 18 years and younger will accentuate the demand for public services, schools, hospitals, etc., and will thus further aggravate the financial problems confronting state and local governments. The number of people consuming but not producing will rise; and while this will have a favorable effect on business activity, it will tend to accentuate the inflationary pressures.

At the same time, the labor force will increase even faster, thus creating keener competition for jobs, further aggravated by the desire on the part of manufacturing and service industries to reduce costs of production through the use of labor-saving devices and the adoption of more efficient methods of production and distribution. This could bring to an end the increase in the cost of pro-

ON THE

CONFERENCE

PROGRAM

duction and of labor in particular. The growth of population can accentuate or curb the inflationary forces; and thus, at least in part, the economic and investment climate of the decade will depend on how we handle the problems arising from the population factor.

The fruits of research are not an unmitigated blessing for everybody. Research creates new values and destroys old ones. It creates new jobs but also eliminates others. It has an important effect on the growth of individual industries and thus on the value of the individual groups of securities. What appears as a growth industry today may by the end of the decade be in the process of decline.

Internationally . . .

International economic developments will be far reaching. The last decade was marked by reconstruction and rebuilding of the economies of the war-torn nations. The present will witness the creation of larger economic units and the emergence of the Soviet Union as a major economic force in international trade, the end of colonialism, and the more rapid development of the economically retarded areas. These developments will offer an opportunity and challenge to the U.S. A., and the results will depend on our response to them. They will accentuate the demand for capital, intensify international competition, and should be a powerful force in the containment of the inflationary pressures all over the world.

If a sound formula for co-existence is found leading to large-scale disarmament, its initial impact will be adverse, particularly on the defense industries and the localities where they are concentrated. This, however, will make possible increased federal expenditures for civilian purposes, a decrease in income taxes—individual as well as corporate—as well as a reduction of the

(CONTINUED ON PAGE 6)



WEIMAN & LESTER

At the recent American Bankers Association Mid-Winter Trust Conference are shown, left to right, Robert R. Duncan, vice-president of the A.B.A. Trust Division and chairman, Harvard Trust Company, Cambridge, Mass., who presided over the investment session; Charles W. Buek, first vice-president, United States Trust Company of New York, and Arthur L. Coburn, Jr., chairman, trust committee, Old Colony Trust Company, Boston. Mr. Buek spoke on the subject "Prudence Will Be Prosecuted." Commenting on the complexities of trusteeship under the Prudent Man Rule, he proposed that "we should establish the title of "qualified trustee." This would be a joint undertaking by legislators, har associations, and corporate fiduciaries." Mr. Coburn, speaking on "Why Bonds in a Trust Portfolio," asked the question: "How long can the credit of the United States survive, if we barely balance the budget and retire virtually no debt at the peaks of booms and immediately resort to deficit financing in periods of minor economic setback?"

There's a profit for you in good earnings for us

An important point about good telephone earnings is the way they yield a profit to the telephone user.

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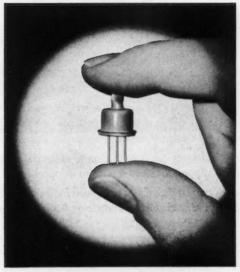
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It is only through good earnings that we can do the research and the long-pull planning that improve your service and keep down the price you pay for it.

Sure, there have been increases in the price of telephone service just as in everything else. But they would have been far greater if we had not been able to absorb some part of our own increases in cost through technological advances and economies in operation.

Without adequate telephone company profits you wouldn't have the kind of service you'd like. And the chances are very good you'd be paying more for an inferior brand than you now pay for the best telephone service in the whole world.



NEW AND BETTER SERVICES for telephone users will come from the Bell Telephone Laboratories invention of the Transistor, a major scientific breakthrough. This mighty mite of electronics, which can amplify electric signals up to 100,000 times, will play a big part in push-button telephony, for example. The Transistor has been made possible by basic physical research of the kind that can only be undertaken by a progressive business with good earnings over the long pull.

BELL TELEPHONE SYSTEM





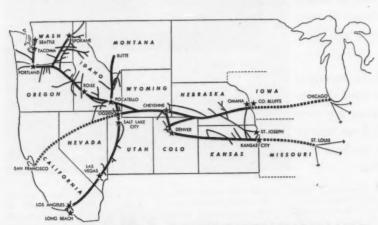
The railroads paved the way for industrial progress in the West and that is as true today as it was in the 1800's.

Distribution opens the channels for sales. And efficient, economical transportation is a big factor in distribution.

That's where Union Pacific enters the picture. When you have a plant located on or near U.P. trackage you are in a position to benefit from a freight transportation service that is unsurpassed.

That has been our contribution to industrial progress; to build and constantly improve our service to shippers.

So we suggest that if you have need for a plant in a western location, you give serious consideration to a tract in the "Union Pacific West."



Industrial Development Dept.

UNION PACIFIC

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(CONTINUED FROM PAGE 4)
public debt. Such a development
would lay the foundation for rapid
economic growth and have a favorable effect on securities, both equities and bonds. It probably would
constitute the most significant event
of the decade.

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Interest Rates

Interest rates during the present decade will be higher than during the greater part of the Fifties unless the Government operates with a large surplus and retires substantial amounts of debt held by nonbank investors. The demand for capital will be large to finance the construction of homes, public works, and the needs of industry. Whether the supply of funds seeking an outlet in fixed-income obligations will be adequate will depend on the movement of the purchasing power of the dollar. If its decline is halted, there should be no shortage of such funds. If the deterioration continues, it will lead to a distortion in the flow of savings. The desire to hedge against inflation will be the dominating motive in formulating investment policies. Money rates will rise; and after a short period of time, the economic growth will be retarded and the penalty will have to be paid. With the restoration of the international money market, the movement of short-term interest rates will be more and more determined by international economic and money market conditions. The rates should be



higher than during the greater portion of the past decade.

While it is impossible to predict what the investment environment during the decade will be, it is possible to consider the forces that will create the economic climate and to point to certain markers on the road which will indicate supply and demand factors and the investor's preference.

Great Opportunities

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The new decade will offer great opportunities and equally great challenges to the American Government, management, and labor leaders. It could go down in history as the golden sixties or as the decade of frustration and disappointment. The omens at the beginning of the decade are favorable. There is a thaw in the cold war; there is a worldwide revulsion against the ravages of inflation; the importance of monetary and fiscal controls is becoming more and more recognized; trade and payment restrictions are being gradually eliminated; the productive capacity of the world is rising; and once the pressing need to spend untold billions of dollars on defense is diminished, much more could be done for less fortunate nations. If these trends continue, the investment environment of the Sixties will be favorable.

FNCB of NY Sets Up Common Market Service in Paris Office

The First National City Bank of New York has established a counseling service at its Paris office to meet the growing interest of American and other businessmen in the European Common Market.

The office makes personal contacts for bank customers with prospective client firms in the market, provides extensive credit files on companies, and offers advice and information on local financing methods, economic trends, and trade potential.

Customers wishing to negotiate business with Common Market countries can get much of the material in the bank's Overseas Division in New York. Inquiries will also be received at any of the branches.

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bring to your bank's investment portfolio the benefit of an objective viewpoint both informed and interested.

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BANKING

GOVERNMENT BONDS

Market Stages a Comeback . . . Success of Treasury Refinancing . . . Sharp Decline in Cost of Bills . . . Open Market Committee Sells Bills . . . Bank Loans Drop . . . Outlook

MURRAY OLYPHANT

OME of our economic forecasters are beginning to be somewhat less enthusiastic over the business outlook than they formerly were. Nevertheless, it would be well

Numerous factors were responsible for the turn-about of sentiment: (1) A fully seasonal decline in the use of bank credit; (2) a prospective budget surplus of possibly \$4-billion sury made the exchange available to the holders of \$198,000,000 of $1\frac{1}{2}\%$ notes due on April 1. Offered in exchange were 1-year $4\frac{1}{8}\%$ certificates and $4\frac{3}{4}$ -year $4\frac{1}{8}\%$ notes, the last at

"Our bank's investment situation is rather special but The Chase Manhattan understands just what we need."

March 1960

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GOVERNMENT BONDS

Market Stages a Comeback . . . Success of Treasury Refinancing . . . Sharp Decline in Cost of Bills . . . Open Market Committee Sells Bills . . . Bank Loans Drop . . . Outlook

MURRAY OLYPHANT

Some of our economic forecasters are beginning to be somewhat less enthusiastic over the business outlook than they formerly were. Nevertheless, it would be well to wait until this month's tax payment period is passed before deciding that the worst is over for the bond market.

From December 31 to February 5 all Government obligations registered substantial price improvement. All maturities participated. The greatest rise in prices was shown by the longer-term bond issues. Price improvements of over 2 points were common and ranged up to over 3 points for five issues. Increases from a yield standpoint were greater in the shorter-term obligations. Some examples follow:

	Decline in Yield
Bills due in 2 weeks	.95%
" " 3 months	.48%
Longest bills	.56%
4% notes 2/15/62	.48%
434% ctfs. 11/15/60	.46%
21/2% bonds 6/15/67/62	.33%
25/8% " 2/15/65	.47%
21/2% " 9/15/72/67	.43%
3% " 2/15/95	.27%

Numerous factors were responsible for the turn-about of sentiment: (1) A fully seasonal decline in the use of bank credit; (2) a prospective budget surplus of possibly \$4-billion for fiscal 1961; (3) a possible reduction in the gross U.S. debt of perhaps \$6-billion by June 30; (4) the removal of the fear that both the "prime" and rediscount rates were about to be raised; (5) some growing feeling that the outlook for business expansion was, perhaps, less inflationary than had been feared; (6) the January reinvestment demand turned out to be greater than had been anticipated.

Furthermore the money factors themselves tended toward ease, as money in circulation flowed back to the banks and loans declined.

As a consequence, demand exceeded supply, with the usual effect on prices, which were still strong in the first week of February, having been encouraged by the success of the Treasury refunding.

Success of Treasury Refunding

In addition to offering an exchange for \$11,363,000,000 of 334% certificates due on February 15 the Trea-

sury made the exchange available to the holders of \$198,000,000 of $1\frac{1}{2}\%$ notes due on April 1. Offered in exchange were 1-year $4\frac{7}{8}\%$ certificates and $4\frac{3}{4}$ -year $4\frac{7}{8}\%$ notes, the last at a price of $99\frac{3}{4}$.

Offering Was Highly Successful

Almost up to the moment of the offering, a rate of 5% or more had been expected, but the character of the market had improved so much that the offering was highly successful, as can be seen from the results.

The Federal Reserve banks, which held \$5,507,000,000 of the $3\frac{3}{4}\%$ maturing certificates, exchanged them for \$3,507,000,000 of the new $4\frac{7}{8}\%$ certificates and \$2-billion of the new $4\frac{7}{8}\%$ notes.

All others took \$3,421,000 of the new certificates and \$2,171,000,000 of the new notes, so that new certificates taken totaled \$6,928,000,000 and new notes taken amounted to \$4,171,000,000, leaving only \$462,000,000 unexchanged.

Thus, as attrition amounted to only about 4% of the total of maturities and about 7% of the publicly held maturities, the Treasury will need no further new cash financing until well along in the spring.

Pricewise the new 4%% issues both rose above the offering prices. In fact the maturing 3%% certificates had a slight premium before the date of exchange. There was a substantial amount of sales of these certificates by those who wanted maturities of less than a year (chiefly corporations), but these offerings were rapidly absorbed by those who felt that the 4%% rate was well worth taking.

Once the result of the exchange was announced, the 1-year 4%% (CONTINUED ON PAGE 12)

Outlook

THE current outlook is a large question mark.

Was the turn-around in January merely a temporary development based on the easing of the credit factors? Or was it, perhaps, due to the belief that the business boom was tapering off? The action of the stock market is so interpreted by many analysts.

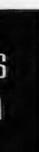
The possibility of a reduction in the gross debt of around \$6-billion by June 30 would certainly be a decided factor in raising the supply of credit.

A tapering off of the business boom would have the effect of lessening the demand for credit.

Once the March tax date has passed it should be possible to get a clearer view of the prospects for the market. Until then a leveling off of prices and interest rates, not far one way or the other from the present level, would seem to be a logical expectation.

tomorrows expansion

costs less today





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Time was when your bank, once built, was adequate for decades. But today the demand for banking services is skyrocketing. Even banks built in the 1950's must expand physical facilities to compete successfully in the 1960's.

For some, strait-jacketed by inflexible basic design, expansion will be costly, difficult, even impossible. For others, whose designers provided for future growth in their basic plans, it will be easy and economical . . for expansion costs less when it's planned from the start. It's no accident that many, if not most, of the latter are Bank Building Corporation clients. Provision of "built-in expansion capability" is an integral part of our design techniques. Such flexible, functional planning assures long-range, profitable growth!



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ARVID D. JOHNSON

Director, Bank & Finance Division

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29 East Madison Bidg. Chicago 2, III. Financiai 6-9400 (CONTINUED FROM PAGE 10)

certificates rose by February 8 to a premium of 6/32, while the 4%% notes November 15, 1964, went to 100 12/32.

Sharp Decline in Cost of Bills

The record of the weekly sales of Treasury bills from January 7 to February 4 was one of steadily declining costs, as shown in the table below.

The sale of the issue offered on February 4 was at the lowest cost to the Treasury since August 17 last year and, actually, down about 1% in six weeks. Such a result was clearly a continuation of the demand for bills from nonbanking sources. which had been evident since the first of the year. Some funds were available from holders of the \$492.-000,000 of the February 15 maturities who failed to make the exchange for the new 47/8% issues. while an additional \$350,000,000 resulted from the fact that the Federal Home Loan banks issued only \$160,000,000 of new obligations against a maturity of \$510,000,000.

All this intensified the demand for bills, especially for those of the shortest terms, so that by February 8 none of the bill issues maturing from February 16 to March 17 could be obtained to yield more than about $2\frac{3}{4}\%$, which, like the rest of the bill maturities, was about 1% less than the rate prevailing a month and a half ago.

Open Market Committee Sells Bills

During January the Government portfolio of the Federal Reserve banks declined nearly \$1,350,000,000. This just about offset the return flow of circulation to the banks which, for the period, was about \$1,330,-000,000

Declining loans lowered the reserve requirements of the member

TIME TABLES AND CHAIRS

Our period furniture, recently bought.

Has prompted a change in our ways.

We're practicing rigid economy now,

For our period's just ninety days.

IRENE WARSAW

banks so that their negative reserve position, which averaged about \$415-000,000 for the month, was somewhat less than in December.

Clearly the Open Market Committee is marking time awaiting some evidence as to which way the inflationary cat is going to jump.

For the moment any thought of raising the rediscount rate is on the shelf, since the rate on Treasury bills is no longer out of line.

Bank Loans Drop

For the period from December 30 to January 27 the total of loans (adjusted) for the reporting member banks dropped \$2,161,000,000. The major items in the decline consisted of \$666,000,000 of commercial, industrial, and agricultural loans, \$691,000,000 of loans to carry securities, and \$624,000,000 of loans to nonbank financial institutions.

However, this shrinkage in loans did not result in any expansion of investments as a rise of \$212,000,000 in Government holdings was nearly offset by a decline in other investments of about \$175,000,000.

It seems probable that this month will witness some renewal of the demand for loans over the tax payment date. In any event what does develop should give a better outlook as to the course of business volume.

Weekly Bill Sales

Offered 3 mo	nths	6	months	Yield
on Amount A	verage cost	Amount	Average cost	spread
Jan 7 - \$1.2-billion	4.59%	\$400,000,000	4.989%	.40%
Jan 14 - \$1-billion	4.436%	\$400,000,000	4.665%	.23%
Jan 21 — \$1-billion	4.116%	\$400,000,000	4.608%	.50%
Jan 28 — \$1-billion	4.039%	\$400,000,000	4.501%	.46%
Feb 4 — \$1.2-billion	3.563%	\$400,000,000	4.094%	.43%
Average for period	4.14%		4.57%	
" " previous period	4.59%		4.96%	

E Bonds Exchanged for H

Series H bonds totaling \$41,000,000 were issued in exchange for E bonds during January, the first month the new regulation was in effect, the Treasury reports.

Under the new provision, holders of E bonds (as well as unmatured F and J bonds) may now exchange them for current-income H bonds without limit. They may also defer reporting of accrued interest for income tax purposes until the H bonds are disposed of or reach final maturity.

Cash sales of E and H bonds during January amounted to \$420,000,-

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000. This includes E sales of \$347,-000,000 and H bond sales of \$73,-000,000. Accumulated interest on outstanding E bonds during the month totaled \$121,000,000, bringing total issues to \$541,000,000.

Total E and H redemptions last month were \$562,000,000, of which \$531,000,000 was in E bonds and \$31,000,000 in H's.

Total E and H bonds outstanding on January 31 was \$42,539,000,000. Of the amount outstanding, \$17.5billion is in E bonds that are more than 10 years old.

Hyperopia in Lending

Had you thought of geography as a factor in the debtor-creditor relationship? If so, it probably seemed logical to consider the creditor nearest the borrower—geographically speaking—as having an advantage over those farther away.

Some time ago Dun & Bradstreet Service reported on a study of this question under the title, "The Miles from Creditor to Debtor: How Far Away?" Here is the report on the facts in the year analyzed:

The husband who says he owes everything to his wife should pay her and stop talking about it.

The moon has its effect on the tide and the untied.

A pessimist forgets to laugh, but an optimist laughs to forget.

A speaker can either gas an audience or electrify it.

It's difficult to look spick if you have too much span.

You can keep up with the Joneses, but don't try to pass them on a hill.

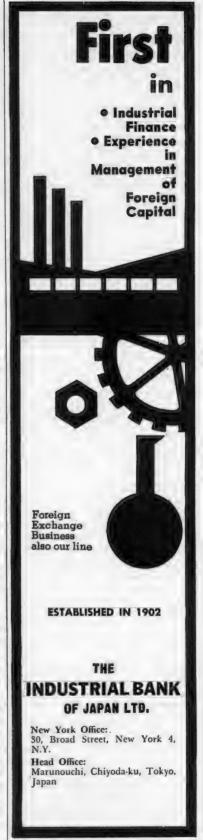
Every now and then you find a woman who can dish it out better than she can cook.

Not all family check books have a happy ending.

"One hot summer day several years ago a D&B'er was reviewing a list of creditors of a concern that had just failed with very substantial liabilities. Large and small obligations were shown owing to creditors far and near, but the concern to whom the bankrupt owed the most money was right across the street!

"This case aroused our curiosity, and, in an earlier issue of Service, we asked the question: "How near-sighted or how farsighted is credit appraisal?" and followed the query with an analysis of large business failures and the distances to their creditors. Recently we repeated that analysis, taking for study 10 big failures of 1956—concerns in widely varied lines of business and in widely scattered locations.

"First we ranked creditors in order by amounts owing to each, and selected the 10 largest creditors of each failure concern. Next we determined the geographic distance from each of the hundred creditors to the respective failure concerns. Among the hundred, 36 creditors were found to be over a hundred miles away from their respective debtors, 19 were between 10 and a hundred miles, while 45 creditors were located within 10 miles of the failed debtors! Apparently being located close to the problem had not, at least in these instances, enabled the creditors to avoid deep involvement in the failures."



THE INVESTMENT MARKETS

Municipal Offerings

PERHAPS the greatest economic contradiction these days has been that despite a notable increase in economic activity, the stock markets have been sagging. In January they lost 59% of the 1959 bull market gains. Conversely, the bond markets have been showing some strength.

Prognostications of what will happen are always dangerous, since investment decisions are made by human beings who change their minds from day to day according to how they feel, how they react to the news, and how they view the technicalities of the markets.

As the elder J. P. Morgan once replied to a reporter's New Year question as to the outlook for the stock market—"It will fluctuate." Indeed, it will. But a good many observers, at this point, have come to the conclusion that for the long run the bull market trend has ended and that a gradual but long decline in stock prices is ahead.

To some, technicalities are disturbing. In 1959, industrial stocks sold at about 19 times earnings, the same as they did in 1929 before the crash of the market. In 1958, the ratio was nearly 21 times earnings. A decade ago, the ratio was about half as large. In 1949, industrials sold at about 8 times earnings; the figure for 1950 was not much different, and it was a little over 10 times in 1951, 1952, and 1953. Then the climb began.

Nobody can be certain, of course, at how many times earnings industrial stocks should sell in the everchanging economic picture. Ten times earnings was the traditional yardstick for soundness in the purchases of stocks. At that level and statistically speaking, the investor was able to get a return of 6% and better.

Fixed interest securities, such as corporate bonds, at that time yielded less than 3%. Last year the yield on industrial stocks had fallen to a

H. EUGENE DICKHUTH

little better than 3% and the yield on high grade bonds rose to about 4%.

Consequently, it is no wonder that the pendulum is swinging and bonds are preferred over stocks. This is important to bankers in judging the investment portfolio of clients in making loans. It is an incongruous situation in the sense that investments in equities, which means "risktaking," should, obviously, command a higher return than that in fixed income securities in which there is no "risk-taking," in theory at least.

A considerable portion of people who buy investment company shares on fixed periodic plans are always gleeful when the stock market falls off. This is because their \$10, \$25, \$50, or \$100 periodic payments buy more shares which 10 years from now will have gone up because of inevitable inflation by whatever degree.

There is also a large segment of investors with available funds who always buy on market declines on the principle of "averaging down" the purchase of securities in their portfolio. That is how many foundations were laid for fortunes during the historic market crashes of this country.

This is not to say or predict there will be a severe stock market decline and a bull market in bonds. There are too many "built-in" stabilizers. Credit in the stock market stands at just 10%, and that is not the average, since 90% of all stock purchases have to be made in cash and not all investors take advantage of it.

Secondly, the influence of institutional investors is growing. Large holdings by insurance companies, banks, and investment companies

On page 128 Mr. Dickhuth discusses the financial condition of the oil industry. are not subject to panic selling. Pension and retirement funds are increasing continually and have to be invested. All these are stabilizing factors.

On the favorable side, too, there is the prospect that corporate profits for 1960 as a whole may be 10% above those of 1959.

Another element in the investment markets, of course, is inflation. It is probably quite difficult to compute accurately how, in terms of purchasing power of the dollar, prices of stocks and bonds in the same companies in the years 1914, 1940, and 1950 compare with those of 1960, adjusted for the increase in productivity and population.

However, it is a project that some university or foundation should tackle, since it has a direct relationship to the preservation of capital and income in which every family in the Western world is interested, as well as every trust department of banks in the United States. The destiny of many people depends on it, despite pensions and Social Security.

Municipal Bond Offerings

More than half of the proceeds from new state and municipal issues sold publicly were for new facilities for education and utilities. It is indicative of the growing population.

Nearly one-third of the proceeds from the sale of municipal securities was employed toward the improvement or the enlargement of educational facilities last year. And the trend continues this year. Financing of sewer, water, and other utilities rose sharply.

The calendar ahead shows a continued strong demand for utility financing. There will also be continued strong demand for local and state government funds. This is in line with the trend of the last decade. As compiled by the First National Bank of Chicago, the debt of state and local governments totals about 6.6% of the total public and private debt, against some 3.7% 10 years ago.



man-handled yet machine-readable

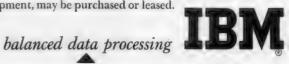
with IBM's multi-channel reading of magnetic characters

Unique accuracy in the automatic handling of paper documents can now be yours with IBM's magnetic character sensing.

Even though the highest degree of magnetic ink printing standards are maintained, the repetitive handling to which a check is subjected may result in a certain amount of character deterioration. With IBM's multichannel reading, an electronic grid is obtained which gives an actual picture of the magnetic character by measuring its shape and checking this reading against more than a thousand possible variations.

To determine the optimum reading pattern, IBM's powerful 704 Computing System was used in a study of literally hundreds of thousands of E13B common language characters. As a result of this study, IBM engineers developed this unique multi-channel character reading that attains the reliability so vital to completely integrated demand-deposit accounting.

The reliability of IBM's banking systems is further assured by Balanced Data Processing...IBM services as well as machines. These banking systems, like all IBM data processing equipment, may be purchased or leased.





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About People

CHARLES W. WADDELL resigns as president and director, The American National Bank of Denver, Colo.; ADOLPH KUNSMILLER, board chairman, also becomes president; Dr. W. B. EMERY, vice-president and director, resigns.

ROLLIN O. BISHOP, president, The American National Bank, St. Paul. Minn., is named "boss of the year" by the St. Paul Junior Chamber of Commerce

ARMANDO J. ZIRPOLI, HERBERT W. SWENSON, both become vice-presidents, Bank of America, San Francisco, Calif.

Bank for Savings and Trusts, Birmingham, Ala., names EMMETT D. BATES and JOHN L. REESE senior vice-presidents; RICHARD E. OLIVER

goes from assistant vice-president to vice-president.

MARVIN J. CRIGER, from vice-president to senior vice-president, Bank of Dearborn, Mich.; DONALD G. BURNETT, auditor, from assistant vice-president to vice-president; JAMES G. WATSON, from assistant cashier to cashier.

LESLIE L. REID, from trust officer to vice-president, City National Bank and Trust Company of Chicago, Ill.; LAYMAN L. HAY, assistant secretary, from trust officer to vice-president.

ROY F. DUKE, from president to board chairman, Fidelity Union Trust Company, Newark, N. J., succeeding Horace K. Corbin; C. Malcolm Davis, from senior vice-president to president; Mr. Corbin becomes honorary board chairman.

JOHN S. BACHELLER, EDWARD

SCHICKHAUS, both become senior vice-presidents; LAWRENCE L. JOHNSON becomes vice-president.

GEORGE F. KARCH, from vice-president to executive vice-president, The Cleveland (Ohio) Trust Company; H. E. STARK, becomes vice-president; J. H. BUTALA, JR., from trust officer, S. W. CLEMENTS and WILLIAM SERNE, JR., from assistant vice-presidents to vice-presidents.

CHARLES J. ZIMMERMAN, president, The Connecticut Mutual Life Insurance Company, joins board of The Connecticut Bank and Trust Company, Hartford.

DAN H. SEBASTIAN, from assistant vice-president to vice-president, Denver (Colo.) United States National Bank; JANE ASHBY becomes trust officer; JOHN H. FERRY becomes assistant vice-president.

Chase Chairman Says He Will Retire

JOHN JAY MCCLOY, board chairman at The Chase Manhattan Bank, New York, has announced his retirement, to take place at the end of this year. Mr. McCLOY became chairman of the board of the Chase National Bank of New York in January 1953 following a career in law and government. He succeeded Winthrop W. Aldrich, who left Chase to become U. S. Ambassador to Great Britain. Mr. McCLOY continued as board chairman following the merger of Chase with the Bank of The Manhattan Company in April 1955.

As the Assistant Secretary of War from 1941 to 1945, Mr. McCloy ranked as one of the major policymakers of World War II. In Germany he succeeded General Lucius D. Clay as military governor, and as United States High Commissioner he became the first civilian chief representative in the Allied High Command and the ranking U. S. official

in West Germany during the critical years 1949 to 1952. Immediately preceding this assignment he was for two years president of the International Bank for Reconstruction and Development.

In 1957 he was special consultant to the Secretary General of the United Nations on the Suez Canal clearance operations.

MR. McCLoy is chairman of the



board of Chase International Investment Corporation, a wholly-owned subsidiary of Chase Manhattan which conducts various foreign activities; chairman of the Advisory Committee on Commercial Bank Preparedness; a member of the committee on Government Borrowing of the American Bankers Association, the General Committee of the New York Money Market of the Federal Reserve Bank, and a director of the Federal Advisory Council of the Federal Reserve Bank.

In his bank's annual report, Mr. McCLoy made this observation on savings and time deposit rates:

"It is to be hoped the Federal Reserve authorities, who have so often stated that a free money market provides the most efficient method of allocating funds among competing users, will... revise the schedule of rates they permit commercial banks to pay for time deposits."

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JOHN C. STURGIS, from second vice-president to vice-president, Continental Illinois National Bank and Trust Company, Chicago; WILLIAM H. GROVE and JOHN A. REDDING, both from assistant cashier to second vice-president.

JAMES F. MACK, from vice-president to senior vice-president, City National Bank and Trust Company, Kansas City, Mo.; MELVIN D. ELLIS. JOHN J. KRAMER, ROY A. THOMPSON, from assistant vice-presidents to vice-presidents.

EDSON A. OBERLIN, JR., from president, Firestone Bank, Akron, Ohio, to board chairman. GILBERT NEAL, from executive vice-president to president.

M. RYRIE MILNOR becomes president, First National Bank, Alton, Ill.; R. H. LEVIS, II, from president to board chairman, succeeding J. A. RYRIE, who retires; GEORGE M. RYRIE, from vice-president and cashier to executive vice-president. EDWARD C. HORAT becomes cashier, and W. CLAYTON KRUG becomes assistant vice-president.

BOB WILLIAMS, from assistant cashier to assistant vice-president, First National Bank of Odessa, Tex.; DOYLE TAPP becomes assistant cashier.

ROBERT M. CROUCH, from cashier to president and trust officer, First National Bank, Gardner, Mass., succeeding ENOS R. BISHOP, who retires; CHARLOTTE M. BISHOP, from assistant cashier to assistant vice-president and assistant trust officer.

FRED W. COOPER, president, Bank of Fulton County, East Point, Ga., becomes board chairman; W. RAY HOUSTON, formerly executive vice-president, becomes president.

1960 & 1961 A.B.A. Vice-Presidential "Hats" in Ring



D. Emmert Brumbaugh



Monroe Kimbrel



Arthur F. Maxwell

"Already there are three hats in the ring for 1960 A.B.A. honors," said the December issue of the Southern Banker, "in contrast to the convention year just closed when there was no contest for any top office."

One was Monroe Kimbrel, executive vice-president, First National Bank, Thompson, Ga. Mr. Kimbrel, who has already withdrawn from the 1960 race for A.B.A. vice-presidency, and is now considered a candidate for 1961, when "his friendship for the (other) two named will no longer impede his availability."

The two remaining candidates D. EMMERT BRUMBAUGH, president, First National Bank, Claysburg, Pa.,

and ARTHUR F. MAXWELL, president, First National Bank, Biddeford, Me., are both on the A.B.A. Committee on Federal Legislation. Mr. KIMBREL is this committee's chairman.

Mr. Brumbaugh, chairman of the A.B.A. Federal Deposit Insurance Committee, is a former president of the Independent Bankers Association, has been Pennsylvania's Secretary of Banking and was for four years a member of Congress.

Mr. Maxwell, "a veteran legislative worker in the A.B.A., . . . has made numerous appearances before Congressional hearings to testify on proposed banking legislation," says the Southern Banker.

WALTER C. EMERY becomes president, Bank of Denver, Colo., succeeding the late George F. Rock; ROBERT C. WADE becomes executive vice-president.

W. J. KENALEY, JOSEPH L. BANKS become assistant vice-presidents, Capital Bank & Trust Co., Baton Rouge, La.

REED SASS, president, Financial Public Relations Association, and vice-president, Fort Worth National Bank, has been appointed to the A.B.A. Public Relations Council. GEORGE J. WATTS, vice-president at this same bank.

P. D. HOUSTON, JR., from president to vice-chairman, First American National Bank, Nashville, Tenn.; A. B. BENEDICT, JR., from executive vice-president to president; GARLAND F. TURNER, from assistant vice-president to vice-president; J. WILLIAà COLES, trust officer, also becomes vice-president.

BEN H. WOOTEN, from president, First National Bank in Dallas, Tex., to chairman of the board. Mr. WOOTEN is vice-president of the A.B.A. National Bank Division, a member of its Executive Council, and chairman of the A.B.A. Commission for the Observance of the 100th Anniversary of the National Banking System.

At the same bank, John J. Kettle, senior vice-president, becomes vice-chairman; Robert H. Stewart, III, senior vice-president, becomes president and chief executive officer. W. Dewey President; Boy V. Jackson, Tom W. Finney become vice-presidents; George P. Ridgeway, Loren D. Gordon, J. H. Montgomery, become vice-presidents and trust officers.



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CARPENTER WATCHMASTERS

- * BETTER PROTECTION . . . every component of every unit is specially engineered for emergency lighting . . . for reliability
- * BETTER PERFORMANCE . . . each part must rate far in excess of even maximum requirements . . . for dependability
- * BETTER VALUE . . . built for longer life and less maintenance... for lowest cost over the years

THERE IS A CARPENTER WATCHMASTER MODEL FOR EVERY NEED (INCLUDING HAZARDOUS EXPOSURES) AND FOR EVERY BUDGET

CATALOG . TECHNICAL SPECS available for the asking Write for special Watchmaster material now.

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BUSINESSMEN LOOK TO THEIR BANKS FOR COUNSEL

In a recent DUN & BRADSTREET survey of executives, reported in DUN'S REVIEW and Modern Industry, a surprising 14.6% listed counseling on business problems as their banks' most valuable service.

An almost equal number said the additional service they would like most from their bank is this type of counseling.

Businessmen want to feel their bank is standing by, not only with short-

term credit, but with sound advice as well.

In the past, many bankers have found D&B's 14 Important Ratios a yardstick useful in helping their depositors compare their businesses with others in the same line. Problem areas can be located, and corrective action mapped out by the banker and businessman working together. For a free copy of the current Ratios, just fill out and mail the coupon below.

And remember, D&B's Business Library, one of the largest private libraries in the country, has more than 17,000 volumes on business and management subjects. You are welcome to write us for any business information you may need.

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DUN & BRADSTREET, INC.

99 Church Street, New York 8, N. Y.

FRANK E. MCKINNEY, chairman. American Fletcher National Bank and Trust Co., Indianapolis, is named 1959 man of the year by the Indian. apolis Times for "demonstrating with action his faith in Indianapolis as a growing city."

WILLIAM G. KLEMT, WILLIAM J. HUNT, both from second vice-presidents to vice-presidents, Trust Company of New Jersey, Jersey City; JAMES M. KEADY becomes assistant treasurer.

HENRY T. STETSON, former president of Half Dime Savings Bank of Orange, N. J., from executive committee chairman to chairman of the board of managers. United States Savings Bank of Newark, N. J., succeeding IRVING RIKER, who remains as member of the board.

G. EARL NIPPLE becomes comptroller, GEORGE E. THEURER becomes vice-president, Society National Bank, Cleveland, Ohio; L. L. WILson, assistant cashier becomes assistant vice-president; G. S. CAMP-BELL, assistant secretary, also becomes assistant vice-president.

EARL W. UECKE, vice-president, First American State Bank of Wausau, Wis., is named "outstanding young man of the year" by the Junior Chamber of Commerce.

W. G. KIRKWOOD, K. P. LINCOLN, JR., W. E. QUAYLE, all become vicepresidents at Central National Bank of Cleveland, Ohio.

WALTER W. ASMUS becomes vicepresident and treasurer, Little River Bank and Trust Co., Miami, Fla.

RUDOLPH E. REICHERT, from president to board chairman, Ann Arbor (Mich.) Bank; M. C. TAYLOR, from executive vice-president to president.

WILLIAM A. CONWAY, STERLING P. HENRY, from assistant cashiers to vice-presidents, Hudson County National Bank, Jersey City, N. J.; ROBERT McMINIS becomes assistant comptroller.

JOHN C. BIGGINS becomes president and chief executive officer, The Franklin Trust Co., Paterson, N. J., succeeding HAROLD R. CLARK, who becomes board chairman; HERMAN (CONTINUED ON PAGE 20)



In Plain Sight...

While inventories are generally in plain sight they are often overlooked as prime collateral for secured loans.

So MR. LOAN OFFICER – the next time you see INVENTORY in plain sight on a financial statement – why not call in Lawrence. The use of Lawrence Field Warehouse Receipts enables your bank to make safe and profitable inventory loans, and to provide your customers with needed working capital on a secured basis.

LAWRENCE ON WAREHOUSE RECEIPTS



... IS LIKE CERTIFIED ON CHECKS

THE LAWRENCE COMPANY

NATIONWIDE FIELD WAREHOUSING

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OFFICES IN PRINCIPAL CITIES

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Protected on both sides

Protecting endorsements on checks is always important . . . particularly in banking by mail. If the key words "For deposit only" can be removed without detection, the check might be cashed by whoever intercepts it.

With La Monte Safety Paper, the back of the check carries the same proved protection as the front. This is another reason why so many leading banks choose these fine papers for their checks.



WAVY LINES (E ARE A LA MONTE TRADE-MARK

GEORGE LA MONTE & SON . NUTLEY 10, NEW JERSEY

(CONTINUED FROM PAGE 18)
W. BECKER, from board chairman to executive committee member.

O. H. P. BALDWIN, president, Farmers Bank of the State of Delaware, Wilmington, also becomes board chairman.

First National Bank of Mobile, Ala., elects James C. Andress vice-president; Clarence E. Davis, W. M. Feeney, John A. Davis, Joseph H. Banker, R. Leslie Adams, Edward D. Simons, all become assistant vice-presidents.

C. H. Bracken, from executive vice-president to president, Citizens National Bank, Corry, Pa., succeeding Glen Donaldson, who retires; E. W. Feldt becomes vice-president.

ROBERT SNOW, secretary, also becomes vice-president at American Trust Company, New York City; HERBERT MARDOS, assistant vice-president, becomes vice-president.

JOHN E. HANCOCK becomes president, Hardwick (Vt.) Trust Co., succeeding JOHN H. BARRINGTON; OSCAR SHEPARD becomes vice-president; CARROLL ROWELL, treasurer.

ALVIN A. STOLZE becomes president, First National Bank of Wood River, Ill., succeeding George C. Guker, who becomes board chairman; Paul C. Worcester becomes vice-president.

GEORGE A. MURPHY, from president, Irving Trust Company, N. Y., to board chairman; WILLIAM E. PETERSEN, from senior vice-president to president. RICHARD H. WEST, who has been board chairman, retires but remains on board and chairman of executive committee.

MALCOLM G. PFUNDER, HENRY DOERR, III, and THOMAS R. CONNERS all become vice-presidents at Northwestern National Bank of Minneapolis, Minn.

M. H. BELL, JOHN L. GIBSON, II. EARL V. SLATTUM, J. S. STANLEY, D. J. SWEENEY, all become vice-presi-(CONTINUED ON PAGE 22)

3300 New Savings Accounts in Four Months . . . 47% New Customers for the Bank

via the

Thousandaire Club* Newest Automatic Savings Plan



THERE'S NO QUESTION ABOUT IT, THE THOUSANDAIRE CLUB plan is a proven, fast way to increase savings deposits for your bank.

IN A FOUR MONTH TEST a \$32 million deposit-size bank in Roanoke, Virginia acquired 3300 new savings club accounts. It took this same bank 40 years to acquire 10,000 regular savings accounts.

47% OF THE 3300 ACCOUNTS WERE NEW CUSTOMERS for the bank. What's more the plan actually stimulated the opening of the bank's regular savings accounts!

SECRET OF THOUSANDAIRE CLUB'S PHENOM-

ENAL SUCCESS is that the plan psychologically produces an incentive goal in terms of money and encourages the great mass of citizens to save at least one thousand dollars by making deposits of five dollars a week. The Club plan is built around the use of a coupon book and pays the prevailing rate of interest on savings.

GET THE FACTS how THOUSANDAIRE CLUB plan can increase your bank's savings deposits.

Write or wire.

Thousandaire Club "

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Mountain Trust Bank Building

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dents at National Bank of Commerce, Norfolk, Va.

ROBERT M. VAUGHN, from executive vice-president to president, First National Bank, Wynne, Ark., succeeding HAROLD HARRIS, who becomes board chairman; MARIAN BURNETT becomes assistant cashier.

BERT R. PRALL, board chairman, Federal Reserve Bank of Chicago, becomes a director, H. L. Green Company, Inc., N. Y.

ROBERT W. McAFEE becomes honorary chairman of the board, State National Bank of El Paso, Tex.; Freeman Harris, Charles D. McKay, William W. Park, all assistant cashiers, become assistant vice-presidents.

ROBERT B. GORDON becomes vicepresident and cashier, Puget Sound National Bank of Tacoma, Wash.; NEAL C. HESTON, WILLIAM W. PHIL-(CONTINUED ON PAGE 26)

Friendship Runs Deep In This Valley

STRAIGHT from the horse's mouth—or, in this case, from VALLEY NATIONAL BANK'S, Phoenix, Ariz., publicity department—a truth that's stranger than public relations.

"If there are any doubts about the 60-office VALLEY NATIONAL BANK'S 'image' as a big, friendly, shaggy-dog type of institution, they were dispelled by a local radio announcer the other day.

"The bank's office on West Van Buren had just been robbed of nearly \$10,000 by a hold-up artist.

"Station KOY's enterprising news department picked up the flash on its police department shortwave band and immediately put it on the air.

"Then the newscaster absentmindedly added 'This bulletin has been brought to you by your friendly Valley Bank.'"

FACTS ABOUT SOUTH Amorica



Royal Bank officer picks up pointers on Peru's overseas trade at seaport at Callao

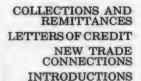
The Royal Bank of Canada has operated its own branches in South America for over 40 years. Officers of the bank speak the language, know the people and their ways of doing business. They can open doors for you and your customers in some 27 business and commercial centers of South America where the Royal Bank today has well-established branches.

Should you or your customers wish to explore trade and business possibilities in South America the wise course is to "ask the man who works there." You can reach him through The Royal Bank of Canada's New York Agency or Head Office, 360 St. James Street, West, Montreal.

THE ROYAL BANK OF CANADA

Canada's Largest Bank . . . assets exceed 4 billion dollars New York Agency—68 William Street, New York 5, N. Y.

Over 970 branches in Canada, the Caribbean area, and South America • Offices in New York, London and Paris
Representatives in Chicago, Dallas and Hong Kong





For a copy of our booklet
"Doors to Business" write,
Business Development Department,
The Royal Bank of Canada,
Head Office, Montreal.

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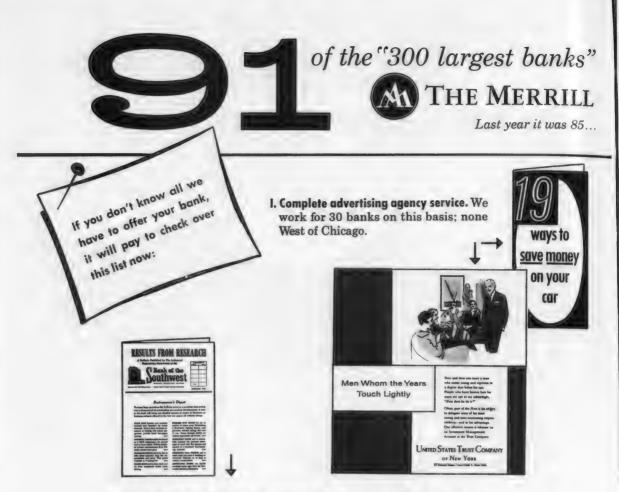
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2. Industrial Information Service: unique aid to larger banks in getting and holding desirable commercial business. Based on monthly bulletin, "Results From Research." Renders business favors that produce a steady flow of new account leads. Bing Crosby's Research Institute recently wrote our Los Angeles client (after we published a story about their Servo Motor): "We are receiving many inquiries on the motor from such leading firms as G. E., M. I.T., G. M., Philco, etc.... It is a definite defense aid."

ANNUAL RAPPORT

294 clients now...in 46 states and the District of Columbia.

This past year we brought out studies on "Public Relations Aspects of Automation" and "Check-Credit Plans" for clients, without charge.

Large N.Y.C. banks are now featuring automatic savings. The name "Save-O-Matic," for which we obtained a service mark registration several years ago with the Patent Office, is still available in many areas.

Rosemary Mazon, formerly Advertising and Publicity Manager of Fidelity Trust Company of Pittsburgh, has just joined our creative staff.

Although 91 of the "300 Largest" use us in some capacity, smaller banks are still our largest source of business.

We still serve 3 of the 4 banks that were clients in 1934, our first year of business...and we do occasional jobs for the fourth. An advertising agency is known by the clients it keeps!

use one or more advertising services of

ANDERSON CO., INC.



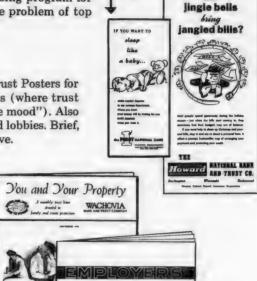
the year before, 80.

99

3. Syndividual—a newspaper advertising program for medium sized banks. It solves the problem of top flight advertising at modest cost.

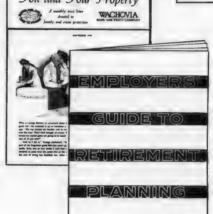


4. Our newest service: Trust Posters for Safe Deposit Booths (where trust prospects are "in the mood"). Also used in elevators and lobbies. Brief. convincing, decorative.



Did

5. Trust development programs and periodicals that laymen (and women) read with enjoyment and understanding. One client just wrote us: "Our trust assets increased by almost 25% in 1959 and my wife has threatened to move a bed down here so that I won't have to come home at all." Special programs on Pension and Profit-Sharing Trusts.



THE MERI	RILL	AND	ERSO	N (Co.,	INC.,	142	EAST	39тн	ST.,	New	York	16,	N.	Y.
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Please send me further details on:

- 1. Complete, individual, advertising agency service.
- 2. Industrial Information Service.
- 3. Syndividual newspaper advertising.

- 4. Trust Posters.
- 5. Personal Trust Periodicals and Development Programs.
- 6. Pension and Profit-Sharing Campaign.

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Now National City's night transit system is faster than ever

Our messengers pick up and deliver mail at Cleveland airport post office, around the clock. Downtown stopovers are eliminated. This new service can improve availability by one day. If you're not a National City correspondent, contact us for details.

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OVER 10,000 Nationally-Advertised Products at Big Savings!

Save money on Garden and Home Supplies, Sporting Goods, Cameras, Radios and Gifts. Ideal for employee purchases, incentive plans, premiums, gifts, Every item guaranteed.

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or money-savi

Address.

City_____State__



(CONTINUED FROM PAGE 22)

IP, HERBERT HUNT, JOSEPH E. HAW-THORNE, CHARLES J. McCALLUM, all become vice-presidents.

Promotions at Miami Beach (Fla.) First National Bank: DONALD H. JONES, and DENNIS P. CLUMB, trust officers, become vice-presidents.

JOSEPH G. PORTER becomes senior vice-president, La Salle National Bank of Chicago, Ill.

JOHN W. McCullough retires as board chairman, First Hutchings-Sealy National Bank, Galveston, Tex., and is succeeded by JOHN W. HARRIS, formerly chairman of the executive committee.

P. D. HOUSTON, from president to vice-chairman of the board, First American National Bank, Nashville, Tenn.; A. B. BENEDICT, JR., from executive vice-president to president; GARLAND F. TURNER, from assistant vice-president to vice-president; J. WILLIAM COLES, trust officer, also becomes vice-president.

WARREN F. PERKINS, from assistant vice-president to vice-president,

First National Bank of Casper, Wyo.; JERRY P. McCRIMMON becomes assistant cashier.

DAVID BERG becomes chairman, The Gotham Bank, New York City; GEORGE J. GROSS becomes president, LAURENCE MARCHINI, executive committee chairman and executive vice-president; WALTER FREUND becomes senior vice-president.

W. E. TOMLINSON becomes board chairman, Hamilton National Bank, Johnson City, Tenn.; T. W. ROLAND becomes president.

HAROLD C. PRESTON, from vicepresident and cashier, to senior vicepresident, National Community Bank, Rutherford, N. J. LLOYD T. BALL, KENNETH W. FELDHUSEN, both become vice-presidents; PETER LA BARBA, assistant vice-president, also becomes cashier.

JAMES A. REID becomes board chairman, Baden Bank of St. Louis, Mo.; J. G. BUTLER becomes executive committee chairman; WILLIAM H. KRUSE becomes president; RAYMOND H. WAHLBRINK becomes executive vice-president.

WALTER S. GRAULICH, JOHN C. MURPHY, from assistant vice-presi-(CONTINUED ON PAGE 28)

New York Fed's First Woman Officer Heads New "Market" Department



Miss McWhinney

The Federal Reserve System has decided to keep a permanent eye on the operation of the Government securities market. As an outgrowth of the joint study by the Treasury and the Federal Reserve into the financing of Government securities dealers, the Federal Reserve Bank of New York has created a new market statistics department to gather facts and figures and named its first woman officer to head it.

MISS MADELINE H. McWhinney, an economist on the staff of the bank since 1943, has been given officer status and appointed head of the new department. From 1955 to March 1959, MISS McWhinney served as chief of the Financial and Trade Statistics Division. Since that time she has been a special assistant, and had an important part in preparation of the data on the operation of the Government securities market which served as a basis for the recent study of the market by the Treasury and Federal Reserve System.

Ma

New! Hammermill Sentry Safety shouts "STOP" on both sides!





New Hammermill Sentry Safety provides a warning signal on the endorsement side as well as on the face of the check. And you don't have to put in a special order to get this double protection. You get it every time you order your checks printed on Hammermill Sentry Safety.

All it takes is a drop of ink eradicator to

bring out the words STOP • STOP • STOP on either side of Hammermill Sentry Safety. No would-be check raiser would ignore this warning. Ask your check printer for samples of new Hammermill Sentry Safety in seven stock colors and white. Or write Hammermill Paper Company, 1501 East Lake Road, Erie, Pa.

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SENTRY SAFETY

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A NEW PICTURE DAILY . . .



... A NEW DISPLAY EVERY DAY

Are you wasting thousands of valuable advertising dollars? Banks throughout the country are making their windows and lobbies pay extra dividends with TIMELY EVENTS' attention-getting fluorescent displays featuring time, barometric pressure and outstanding newspictures. Custom designed to blend with your decor and priced as low as \$2.00 per week.

TIMELY EVENTS

236 N. Clark St. Chicago 1, III.

THREE WAYS TO SELL BANKING SERVICE

- *1. Run an all-out sales campaign and reward staff performance.
- *2. Strengthen customer ties at special occasions.
- *3 Recognize employee faithfulness.



WILLIAMS & ANDERSON CO.

Emblem Manufacturers since 1901
14 Third Street, Providence 6, R. I.

(CO)

(CONTINUED FROM PAGE 26)

dents to vice-presidents, Camden (N. J.) Trust Company; ADOLPH M. KMIEC becomes assistant vice-president.

HORACE J. HATCH, from vice-president and cashier to president, First National Bank of Easthampton, Mass., succeeding Albert A. Weidhaas, who becomes board chairman; Matthew A. Zawacki becomes cashier; Wallace E. Riedel becomes vice-president.

Lewis W. Smith becomes vicepresident and trust officer, First National Bank in Fort Myers, Fla.

JOHN M. WINTERS, JR., becomes vice-chairman of the board, First National Bank and Trust Company of Tulsa, Okla. ROBERT H. BERRY becomes cashier; retiring officers include: S. R. DENTON, cashier; E. M. CARTER, senior vice-president; N. M.

HULINGS, vice-president; R. L. PHIL-LIPS, assistant vice-president; J. D. PALMER, assistant vice-president. W.

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E. HORACE OGLETREE, J. LELAND PHILLIPS, WILLIAM A. WHITE, all from assistant vice-presidents to vice-presidents, Fulton National Bank of Atlanta, Ga.

DICK BOREN becomes executive vice-president and cashier, Highland Village State Bank, Houston, Tex.; Russ Good becomes assistant vice-president.

JOSEPH H. WHITE, vice-president, retires as trust department head, Mercantile Trust Co., St. Louis, Mo.; he is succeeded by W. BOARDMAN JONES, JR., vice-president.

DECOURSEY FALES, chairman emeritus of the board of trustees, The Bank for Savings, New York, and HAROLD HOLMES HELM, board chairman, Chemical Bank New York Trust Company, both receive honorary doctor of commercial science degrees from New York University.

Bankers Consulted at Education Conference

Out of ten laymen chosen by southeastern colleges to attend a Ford Foundation sponsored conference aimed at evaluating collegiate education for business, six turned out to be bankers.

Each university was asked to send its dean of business education and an appropriate representative of the business world. The conference was to work toward strengthening business education in our colleges and universities, after evaluating two studies—one conducted by the Ford Foundation, another by the Carnegie Foundation.

Bankers chosen, from left to right, were Robert K. Landrum, vice-president and trust officer, Security Trust Co., Lexington, Ky.; John D. Hoblitzell, Jr., chief executive officer, Jackson County Bank, Ravenswood, West Va.; George S. Craft, president, Trust Company of Georgia, Atlanta; William B. Jacobs, vice-president and trust officer, Central National Bank, Richmond, Va.; Robert Culver, president, Tennessee Valley Bank, Knoxville; and Watts Hill Jr., vice-president, Durham Bank and Trust.



W. G. HALL, Jr., from assistant vice-president to vice-president, Citizens State Bank, Dickinson, Tex.; ROBERT D. HOLCOMB, from assistant cashier to assistant vice-president.

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ROBERT L. EMERINE, cashier, also becomes vice-president, City National Bank, Council Bluffs, Iowa; RICHARD S. Goos becomes a second vicepresident.

E. G. SPARKS becomes vice-president and cashier, National Bank of Fort Benning, Ga.; L. M. McDowell, Jr., becomes vice-president.

THOMAS E. SEBRELL, III, succeeds his father, THOMAS E. SEBRELL, JR., as president of Clarendon Trust Company, Arlington, Va.

JOHN H. PEACOCK, from vicepresident to executive vice-president, Coral Gables (Fla.) First National Bank.

JOHN C. JONES becomes president, First National Bank, La Feria, Tex.; RALPH G. PENA, JR., from assistant vice-president to vice-president; OLETA COPPIN from assistant cashier to cashier.

J. D. YELVERTON, from assistant vice-president to vice-president, First National Bank of Montgomery, Ala.; W. C. MIXON from assistant cashier to assistant vice-president.

ED PARKES, president and director, United Gas Corp., and JOHN H. CRICHTON, vice-president, Better Hotels, become directors, First National Bank of Shreveport, La.

VICTOR R. ROSE becomes vicepresident, First Western Bank and Trust Company, San Francisco, Calif.; GREGORY STONE becomes vicepresident and trust officer.

WILLIAM F. BAKER becomes vicepresident, Florida Bank and Trust Company at Daytona Beach, Fla.; G. MURRELL SMITH becomes assistant vice-president.

DONALD L. THOMAS becomes vicepresident at The Northern Trust Company, Chicago, Ill.; new second vice-presidents are Charles H. Bar-ROW, WENDELL W. SNIDER, JR., VAN R. GATHANY, RICHARD E. KLEEMAN, ROBERT F. REUSCHE, LOUIS F. DEMP-SEY, CLAYTON F. BROWN, PHILIP W.



Why Custom-Built Bank Equipment is Economical

NO TWO BANKS ARE ALIKE. Your bank has operating methods, a personality and individuality all its own. So doesn't it make good sense to invest in equipment designed to fit your particular operation . . . rather than having to adjust your operation to fit equipment that happens to be available?

LeFebure custom-builds sorting, cash handling, mail handling, filing, record keeping and accounting equipment for every department in the bank. LeFebure custom-building assures you greater efficiency . . . full capacity with easy accessibility . . . utilization of all space . . . solid strength and durability . . . insulated housing for protection of all contents . . . and complete operator comfort.

First of all, a LeFebure representative will study your operation, taking into careful consideration your space availabilities, work-flow, personnel and future expansion. At no cost to you, LeFebure will make a layout showing you just what equipment is recommended, where it will be installed and what it will accomplish. When you have approved this idea, LeFebure fabricates the equipment and supervises the installation, making sure the equipment serves the purpose for which it was designed.

A careful analysis of standard units frequently shows the real savings that can be effected with custom designed equipment. Perhaps there's a possibility in your bank. Let's find out.



Bank Systems and Equipment

LeFebure Corporation, Cedar Rapids, Iowa
An Affiliate of Craig Systems, Inc., Lawrence, Mass.

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USED CAR

A Leader

in the Used Car reporting field because it's . . .

LOCAL . . . Published in 8 regional editions to reflect conditions in your market.

CURRENT . . . Published every 30 days.

COMPLETE . . . Average wholesale, average retail and (in most areas) the average loan values.

Also easy to identify scale drawings of both domestic and imported passenger cars.

NOW . . . A SIMPLIFIED AND EXPANDED TRUCK SECTION

Easier to Use

MOST MODELS TO 26,000 #GVW Quantity prices on request SB.00

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USED CAR GUIDE CO.

New Accounts Easy to get with the aid of



Visabank works right in the home—all day, every day. Made of clear plastic—you actually see the savings grow. It's the nickels, dimes and quarters saved today that become big accounts tomorrow.

Your Bank's name is stamped in gold on front of Visabank. Your ad message covers the back. Visabank is self-liquidating—write for information.

Some Good Territories Open for Representation.

PATENTED PLASTICS, INC.

2168U West 25th Street

Cleveland 13, Ohio

K. SWEET, JR., E. MELVIN ELLINGSEN, EMIL A. FANDELL, J. CHARLES PARTEE, and ROBERT M. WILSON,

De

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J. G. READING, from president to board chairman, National Bank of Commerce, Gastonia, N. C.; MILES H. RHYNE, from executive vice-president to president; CALVIN G. GREEAR, from vice-president and trust officer to executive vice-president and trust officer; PETER W. GARLAND, from assistant trust officer to the position of trust officer.

MERRILL V. GREGORY, comptroller, also becomes vice-president, National Bank of Commerce, Houston, Tex.; E. O. Buck, senior vice-president at this bank, has been appointed by the U. S. Secretary of the Interior to the National Petroleum Council.

WILBUR E. DUNKEL becomes vicepresident at National State Bank of Newark, N. J.

CLAYTON C. CHASE, from president to board chairman, New Britain (Conn.) National Bank; ROGER J. LARSON, from vice-president to president, succeeding MR. CHASE. HARRY W. HATSING, from vice-president to senior vice-president; RAY W. HOWARD, trust officer, from assistant vice-president to vice-president.

JOHN C. BARBOUR, from president to board chairman and chief executive officer, New Jersey Bank and Trust Company, Paterson, who retires after 22 years as chief executive officer and board chairman. JOSEPH F. HAMMOND becomes vice-chairman of the board; COWLES ANDRUS, from senior vice-president to president.

Among promotions at Republic National Bank of Dallas, Tex.: Ben C. Ball, William H. Greenfield, William R. Hoge, and Albert L. Long, from vice-presidents to senior vice-presidents; R. R. Ferguson, John M. Zuber, vice-presidents, from trust officers to senior trust officers; Wayne E. Dean and Ben A. Walker, from assistant vice-presidents to vice-presidents.

JAMES MCCORMACK, vice-president, Massachusetts Institute of Technology, has been elected a director, Second Bank-State Street Trust Company, Boston, Mass.

(CONTINUED ON PAGE 108)

Denver United States National Bank, Denver, Colorado

Architect: James S. Sudler, A.I.A., Denver, Colorado; General Contractor: N. G. Petry Construction Co., Denver, Colo.



a fingertip touch opens these 850-lb. doors

The instant you touch one of these huge 850-lb. bronze and HERCULITE® Glass Doors, it glides open. Credit the PITTCOMATIC® door operator for the effortless assist. PITTCOMATIC is hydraulically operated. Its mechanics are extremely simple. Once its controls are set, you can forget about adjustments. No mechanism mars the door's trim lines—PITTCOMATIC is invisible.

PITTCOMATIC is available in handle or mat operated systems. Installation is easy, even on remodeling jobs. These are a few of the reasons PITTCOMATIC is the nation's number one automatic door operator. For more information, contact your PPG branch or distributor today. Pittsburgh Plate Glass Company, Room 0123, 632 Fort Duquesne Blvd., Pittsburgh 22, Pa.



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Paints • Glass • Chemicals • Fiber Glass In Canada: Canadian Pittsburgh Industries Limited

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"up·to·date information..."



"Commerce Trust has more than 1500 correspondents located throughout the United States. This requires that we keep informed, constantly and accurately, on all matters of financial consequence. Polk's Bank Directory, with its up-to-date information, is of unquestioned value in helping us accomplish just that."

JAMES M. KEMPER, JR. President Commerce Trust Company Kansas City, Missouri



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BANKING

M'ARCH 1960

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

The OUTLOOK

and CONDITION OF BUSINESS

THE first months of the incredible 60s have turned out to be incredible but not at all like the advance billing. Instead of taking off for the stratosphere, we found we were still earthbound by the same old rules of supply and demand.

The thing that triggered the nation's reappraisal of the money rate outlook and the business outlook in general was the promise of a Federal budgetary surplus.

Whether we actually get a surplus is not the point. The bold novelty of the suggestion was enough. There are people in charge of business and political enterprises today who learned about deficits at their mother's knee, believing that Keynes had discovered the law of financial levitation.

The reappraisal amounted to a cooling of inflationary and boom psychology, which is all to the good if it means that commerce and industry will proceed at a more moderate pace than seemed likely early this year.

Of course, as long as business is good, interest rates will be firm, Congress will spend, consumers will spend, inflationary pressures will press, the Fed will keep a tight rein, and we'll be back where we were.

Inflation and Glamor

The budgetary prospect was only the trigger, because other developments had made a reappraisal inevitable. For several years the best advertised factors in the economy were creeping inflation and the glamorous 60s. These two things more than anything else pushed stocks to historic highs and bonds the other way.

It did not take much of a trigger to convince investors and speculators that the party was over, because, with stocks selling at 20 times earnings and good bonds yielding around 5%, there was no place for stocks to go but down. They are always going someplace, for, as the elder Morgan said when asked to forecast the market, "Stocks will fluctuate."

With the business outlook good, personal income sustained, consumer spending strong, business spending

headed upward, and most of the trusty old indicators favorable, it puzzled many to see those handsomely engraved products, which are traded on the stock markets, take their steepest dive in 30 years. Consumers were buying more of everything except shares in the industries which made the stuff.

Whether the Wall Street tremors will spread through the economy and how long this would take are the important questions of the moment. The consensus, if we can use such a word for the hodge-podge of conflicting guesses, is that the business tempo will be slower than expected.

However, as we go into the second quarter and get a better perspective or hindsight, the apparent confusion or contradictions begin to look almost like a vote of confidence in growth without inflation.

His Majesty, the Consumer

The consumer today is the key element, not only because he accounts for about two-thirds of our gross product but because his circumstances are new and different. He is in a spending mood because he has more money, more assurance of employment, and more props to sustain him.

Retail Banking

Banks are directing more and more attention toward the family and the individual consumer. Particularly at this time each year, for several weeks the banks examine with special care the financial services provided for consumers and their cousins and aunts.

The occasion is provided by a group of meetings—the National Instalment Credit Conference, the National Savings and Mortgage Conference, and several regional mortgage workshops, all under the sponsorship of the American Bankers Association. Scattered through this issue are some editorial glimpses of these meetings.

Not all U. S. families use the services of banks but

these modern financial facilities which have had their most spectacular development in the United States, are there to be used.

The overwhelming emphasis of bank advertising this year is on family services, particularly savings. (See survey on page 68.)

So, in line with BANKING's frequent practice, there is provided on pages 45 to 56 a special story of what

banks have for sale. This is also a selling tool which banks can use to increase their family business. It is the story of how to live better financially.

Balance of Favorable Factors

There are always both favorable and unfavorable factors, and the question is always, which will prevail.

(CONTINUED ON PAGE 134)

Digest of the Business Outlook

LOAN DEMAND—will continue strong, but no 1960 increase comparable to that of 1959 seems likely. Banks have fairly well liquidated available Governments; Fed is still holding the reins.

RATES—expected to continue at present general levels. Most Treasury borrowing of new money now completed. Fed allows only modest growth in money supply. With Administration planning to use surplus to reduce the public debt, money rates shouldn't tighten further; may ease slightly.

SAVINGS—by individuals are attracted by current rates and, with personal income sustained, should continue strong and be reflected in savings deposits, savings & loan shares, and life insurance reserves. Corporate savings—depreciation reserves and retained earnings—tend to rise in an active economy. Both should continue high through 1960. BUDGET SURPLUS—may tempt Congressional spenders in election year. In fiscal 1961 President expects receipts of \$84B, expenditures \$79.8B, surplus \$4.2B. Administration wants to cut debt from \$284.5B next June 30 to \$280B a year later, but tax-cut clamor has begun. If budget is followed, U. S. will be a net supplier of funds in this and next calendar years, making possible credit expansion without undue addition to money supply.

INFLATION—still pressured by the wage-price spiral, but recent consumer index little changed, while the wholesale index of 118.9, down over a point from 120 in March 1959 was at January 1958 level.

GENERAL INDICATORS—strong and looking up. Foundation for optimistic budget is shown in January estimates (billions):

,	Calendar	year
	1959	1960
GNP	\$480	\$510
Personal income	380	402
Corporate profits	48	51

PERSONAL INCOME—at new high and rising. Compensation of employees, being 2/3 of national income, climbed from \$257B to annual rate of 282B in 4th quarter, 1959.

NATIONAL INCOME—in 1959 for first time was \$400B, a tenth above the previous (1957 & 1958) record \$366B. Growth reflected higher nonfarm output. Farm volume was sustained; farm income hit by lower prices.

INDUSTRIAL PRODUCTION—shows firm undertone; further rise expected in coming months. Advance chiefly in durables, hit by 1959 strikes. Nondurables have held up all along. Equipment production strong.

FRB's industrial production index, revised in December, is 8% above pre-revision level, reflecting adjustments to Census manufacturing series and inclusion for first time of public utilities. We had been doing better than we thought. SPENDING—BY CONSUMERS, at record level and increasing.

BY GOVERNMENT—this fiscal year: \$78.4B. Outlays of state & local governments stay high, reaching, in last half year, seasonally-adjusted annual rate of \$48B. Congress

contains some strong voices for increased defense spending for projects of regional or local interest, and for just plain "growth."

BY BUSINESS—is largely for inventory replenishment and plant & equipment. Steel strike slowed things down in 1959. Washington estimates P&E in billions thus: 1st quarter 1959, \$30.62; 4th quarter 1959, \$33.95; 1st quarter 1960, \$34.40.

PRICES TO CONSUMER—continue firm, with services likely to keep creeping upward. Consumer commodities were fairly stable, not much change expected. Over-all slow upward drift in the next six months. In foods, not much change visible. Florida freeze tends to raise fruit & vegetable prices; but leveling off of livestock herds and marketing of animals tends to have offsetting effect on index.

WHOLESALE—probably won't change much in next six months. Steel will hold stable. By terms of steel settlement, won't be much wage (cost) increase before yearend, so stability is promised. The election is another 1960 steel-price stabilizer. All this implies steady prices for autos and other durables. Machinery—unlike 1956-57—should be steady, too.

EMPLOYMENT—depends on business, which looks good for next six months. Later in '60 will come some cutbacks in steel (inventories of which business is now rebuilding) and autos, now at record high in their normally busiest season. Construction may rise a little, using more workers. Over-all, until midyear, employment should rise.

CONSTRUCTION should have a good year. Construction put in place in January was \$3.7B, 1% more than in January 1959 and reflecting a less than seasonal decline. Housing is looking a bit better than expected; but whether this is because money is not so tight as was feared or for reasons of weather is not yet clear. Private construction accounted for \$2.7B, 6% more than January 1959. While over-all rise is looked for in 1960, part of the aggregate increase will reflect price increases, Commerce Department believes.

AGRICULTURE expects somewhat lower prices and incomes. USDA will reappraise outlook in April. Prices received by farmers in January rose slightly but were still about 6% below January 1959. January saw some firming of meat animal prices.

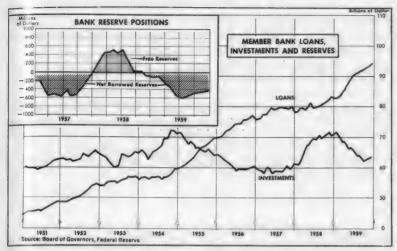
CHEMICALS are doing well this year, according to Commerce Department. Most rapid growth is expected in plastics and pharmaceuticals. Department looks for the following 1960 percentage increases in sales: all chemicals & allied products, at least 9%; industrial gases, 10%; alkalis and chlorine, at least 5%; plastics 10%; sulphuric acid, 4%. Fertilizers will be about the same as in 1959.

AUTOS—off in high gear as 1960 began and hoping for biggest quarter ever: 2½-million cars. January sales somewhat below expectations and dealer stocks, about 800,000 domestic cars, are large. February sales, industry hopes, will be better.

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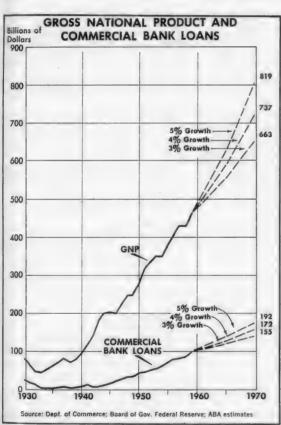
The Condition of Money and Credit

500



(In 1959, member banks added \$11.8-billion to total loans—an increase exceeding the previous record gain in 1955. Most of the investment portfolio acquisition of the previous year was liquidated in 1959. The growth in loans, had they not been financed largely through the liquidation of some \$7.8-billion of investments, could have sharply increased demand deposits, the largest component of the money supply. In the last half of 1959, net borrowed reserves (excess reserves minus borrowings) averaged about \$500,000,000

Gross national product in 1959 was 8.4% higher than in the previous year—a sharp rebound from the recession and a considerable gain in view of the interruption in steel output. Money supply grew only about 0.4% in 1959, compared with 3% in 1958, indicating the firm restraint imposed on credit



BILLIONS OF DOLLARS 300 PERCENTAGE CHANGE IN: MONEY GNP SUPPLY 200 +5.6% +1.7% 1958 -0.2+3.0+8.4 +0.4 MONEY SUPPLY (Demand Deposits Adjusted and Currency) BILLIONS OF DOLLARS 60 50 RATIO OF MONEY SUPPLY TO GNP PER CENT 30 1946 '47 '48 '49 '50 '51 '52 '53 '54 '55 '56 '57 '58 1959 Source: Federal Reserve Board

GROSS NATIONAL PRODUCT

AND MONEY SUPPLY

▲ Predictions of GNP growth, in recent discussions, have been set at various levels. Though the estimates are all derived from the same set of figures, the results have varied due to the particular series of years or number of years used in the base period. Should commercial bank loans grow along with GNP at the 5% level, total loans by 1970 could reach about \$190-billion

As banks sold most of the securities acquired in 1959 to meet the record rise in loans, loan-deposit ratios reached highs not seen since the early '30s. Liquidity continued down



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Washington

Pending Bills—Interest Disclosure; Bank Merger; Wage-Hour; FDIC; Mason

THOMAS W. MILES

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Senator Douglas himself is one reason for the controversy. He is suspect in certain conservative quarters no matter how simple and innocuous his announced purposes in S. 2755 may be. Accordingly his bill is being looked into carefully for implications and gimmicks—and by some, perhaps, for outs.

Linking his bill to the popular demand for economic stabilization, Senator Douglas has S. 2755 find and declare that economic stabilization is threatened when credit is used excessively for the acquisition of property and services.

Purpose of the Act

S. 2755 goes on: "The excessive use of credit results frequently from a lack of awareness of the cost thereof to the user. It is the purpose of this act to assure a full disclosure of such cost with a view to preventing the uninformed use of credit to the detriment of the national economy."

In his introductory remarks Senator Douglas emphasized that it is not his purpose to control consumer credit in the bill. He was aiming at the protection of the unwitting consumer who "is deceived into paying a higher cost for credit than he has been led to expect by the huckstering and fast talking salesman."

If nothing more, Senator Douglas will focus public attention on the innumerable devices that have been worked out to meet the enormous consumer demand for the money needed to buy and do things. Already the unimaginable complexities involved have become apparent to the subcommittee staff.

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Opponents of the bill find it hard to criticize publicly. Who is there to say that the consumer should not know what interest he is paying for the use of credit? Who would dare to protest such disclosure when to do it he must stand up before a Congressional committee? There is always the threat that if the hearing develops sensational angles the witness' image and words will be beamed to the far corners of the country.

Even so, opponents are making some other points: Isn't this job better left to the states? Thirteen states have already passed such a law. Won't this bill create a great burden of paper work, at least in the beginning?

The subcommittee has invited consumer credit people to confer with its members or staff in advance of the hearings so as to get as broad a picture of credit ramifications as possible. Surprisingly enough the invitation has one feature that few have taken advantage of: It will give reputable concerns an opportunity to convey to the public the story of their services through subcommittee studies and reports.

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Tax Inequities

In the week of hearings on the taxation of cooperatives the House Ways and Means Committee moved closer to consideration of a related problem, the taxation of mutual financial institutions. The hearings provided abundant evidence that the inequities in the taxation of cooperative enterprises and mutual institutions in competition with taxpaying businesses and commercial institutions is becoming acute. Pressures are enormous.

The Administration pointed up the situation with respect to cooperatives. Jay W. Glasman, assistant to the Secretary of the Treasury, de-

clared: "Corrective legislation is clearly needed because under existing law it is possible for a cooperative to exclude from its taxable income certain noncash patronage dividends paid to its members which, at the same time, are not taxable to the members who receive them."

Ways and Means has before it the Administration's proposed corrective measure which was "intended to insure the ultimate payment of a single tax on cooperative income and which, at the same time, would limit the cooperative's a bility to expand from retained earnings that have not been taxed at the cooperative level."

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That is not as good as getting the Mason bill, of course, but it would represent quite an achievement in view of the political realities of early adjournment in the year of a national election. At one point in the cooperative hearings an effort was made to bring in the matter of mutual financial institutions. This was squelched; and it was just as well because the commercial banks will get a better hearing for their plight when Ways and Means addresses itself to their special problem.

S&L Premium Increase

The request in the President's Budget Message for an increase in the premium for Federal savings and loan insurance has stymied for the time being at least the Federal Deposit Insurance Corporation bills. The FDIC bills are designed primarily to simplify the method of computing bank assessments, but in the over-all application they will reduce

the net assessment to virtually all banks. This creates a ticklish situation in Congress. On the one hand Congress is being asked to raise the premium for savings and loan associations and on the other hand to lower the assessment on banks.

Noting that the share accounts of savings and loan associations insured by the FSLIC have increased five-fold over the last 10 years, the President declared that the insurance reserve of the FSLIC "cannot reach levels commensurate with the mounting insurance liability without an increase in the present premium rate." The FSLIC reserve ratio is currently .67%.

For that reason, the President explained, he would recommend legislation "to restore the higher premium rate in effect prior to 1949, to remain in force until the reserve exceeds 1% of the share accounts and borrowings of insured institutions." The premium is presently 1/12 of 1% of the share accounts. This would be raised to ½ of 1% until the reserve reaches 1% when the premium will revert to 1/12th of 1%.

Size of Reserve

The President also declared that the statutory goal of a reserve equal to 5% of such accounts and borrowings "exceeds potential needs and should be reduced to 2%." The final change that the President asked for the FSLIC was that the corporation be given authority to borrow from

private sources, both to increase the available sources of funds and to reduce its potential dependence upon the Federal Government.

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For banks - which have wanted for some time a simplified way of figuring their assessments - the timing was the only unfortunate aspect of the FSLIC recommendation. On the other hand, the banking committees on the hill report that banks individually have not shown much interest in the FDIC bills even though they have been invited to comment. Indeed, a few banks have opposed the FDIC proposal, wanting the alternative of continuing the present method of computation of their assessments. The FDIC will not agree to an alternative method. The A.B.A. is supporting the FDIC bills.

The dispute over the allowance of an alternative method was enough to keep the FDIC bills from coming up promptly for passage at the start of the session. And the FSLIC recommendation in the Budget Message has added to the delay. The FDIC reserve against total deposits is .8% and against insured deposits 1.43%, according to 1958 figures.

To the Victor Belong the Spoils



Washington

Pending Bills—Interest Disclosure; Bank Merger; Wage-Hour; FDIC; Mason

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To the Victor Belong the Spoils



The bank merger bill (S. 1062) has become very much of a live issue in the House. Hearings were scheduled by Representative Paul Brown, chairman of Subcommittee 2, House Banking and Currency Committee, about the time this March issue of BANKING went to press. Up to now the bill, which was passed in May by the Senate, has been in the House Banking Committee awaiting a cue to be started on its perilous passage through the House.

Bank Merger Legislation

The word perilous is used advisedly here because both Chairman Emanuel Celler (D., N. Y.) of the House Judiciary Committee and the Department of Justice are openly opposed to the bill that the Senate passed through the efforts of Chairman A. Willis Robertson of the Senate Banking and Currency Committee. Mr. Celler and the Department of Justice want the department to rule whether banks may or may not merge and they want the Clayton Act to be the rule book.

S. 1062 would use as a criterion whether a proposed merger would lessen competition "unduly." But Mr. Celler would apply to the regulated field of banking the test that the Clayton Act prescribes in the competitive realm of business corporations. That is, whether a merger would "substantially" lessen competition. Mr. Celler has incorporated his ideas in a bill (HR. 4155) which is also pending in the House Banking Committee.

Apparently the compromise made by the Senate in requiring consultation by any of the three bank supervisory agencies with the Department of Justice before passing on a proposed merger was not enough to appease Mr. Celler and the Department. It is generally conceded that it would be very difficult for one of the bank supervisory agencies to approve a merger over a critical report by the Justice Department. Even so, Justice wants the shark's tooth power that the word "substantially" would give it.

For all practical purposes Justice has already expanded its jurisdiction into the banking field. In the First-america case it served notice that it had better be notified. On August 22, 1958, Firstamerica filed application with the Federal Reserve Board to acquire controlling interest in

California Bank, Los Angeles, for the purpose of merging it with Firstamerica's other subsidiary, First Western Bank and Trust Company. But the very day before the stock acquisition was to be completed Justice filed a suit to block it, explaining that it had not known about the case until that time.

Following that episode, it was generally understood that the Fed was sending Justice a copy of all notices it filed in the Federal Register. Then on January 29 all registered bank holding companies were advised that the Fed would keep Justice informed of any applications filed under the Bank Holding Company Act for acquisition of bank stock or assets. Accordingly in the course of a year procedures have changed from the point where the Fed felt there was no need to advise Justice of proceedings under the Bank Holding Company Act to the case now where the Fed feels obliged to advise Justice of every application filed.

FNMA Emergency Funds

Despite Administration warnings that it would bring on "forced draft inflation," the Housing Subcommittee of the House Banking and Currency Committee recommended H.R. 9371, submitted by Housing Chairman Albert Rains (D., Ala.). Mr. Rains' bill would authorize \$1-billion "emergency funds" for the Federal National Mortgage Association for the par purchase of FHA-insured and VA-guaranteed mortgages on low-cost housing. It would appear now that the bill will be reported out by the full Banking Committee on a strictly party vote and passed by the House. But in the Senate the possibilities of its success would not seem good.

A.B.A. Testimony

An A.B.A. witness was among those warning of the bill's inflationary effects. He was Cowles Andrus, chairman of the A.B.A. Committee on Real Estate Mortgages, and president of the New Jersey Bank and Trust Company in Passaic. Discounting it as an "emergency" measure, Mr. Andrus declared it is not even needed and could lead to less housing. He said:

"The fact that housing starts are not likely to fall below the last 10year average of 1,200,000 during 1960 leads us to believe that no emergency exists at present which would justify the passage of H.R. 9371. In fact we believe that if the Government were to intervene at present in the manner prescribed in this bill, it would tend to overprotect the housing industry which would lead to inefficiencies and rising cost and in the long run to less housing."

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Not many days after Mr. Andrus testified, the Federal Housing Administration reported it received 18,164 applications for mortgage insurance covering proposed new one-to-four family homes in December. This was up 13% from the November volume, an unusual increase in view of the normal seasonal slump, and it tended to support A.B.A. testimony.

During the questioning period by the committee Mr. Andrus added: "In most other lines of operation if you get priced out of the field there is a tendency to correct matters downward a bit and people resume buying. But every time that it seems as though we are about to receive a correction of that kind in housing, then there is some artificial respiration.

"We start off anew with increased costs from a higher plateau so that we think there have not been the same corrections in this field as there is some artificial respiration."

Dr. Kurt Flexner of the A.B.A., who accompanied Mr. Andrus, made the point that "the greater the malignancy during an inflationary period the greater the adjustment during the recession."

LIAA Opinion

Dr. James J. O'Leary director of research for the Life Insurance Association of America, spoke forthrightly in colorful language. He had heard "a lot of bleating from builders and from home owners" about mortgage rates but none in behalf of the 10-million policy holders with \$500-billion the value of whose dollar has fallen more than half since 1946. He called the Rains bill "nothing more than another one of a long series of legislation which in the postwar period has led to this inflationary situation."

Said Dr. O'Leary, "The way to combat a recession is not to pour a lot of money on top of the boom in 1960. You will only make the boom bigger and the bust worse in 1961."

Mr. Rains' defense of his bill might be summarized in these two paragraphs from a news release:

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"The defenders of the tight money policy say that the answer is to raise interest rates still higher and higher, but we have learned the hard way that this is no solution. Last year the Administration raised the interest rates on FHA and GI loans and what happened? Discounts remained the same and even increased, and there was no increase in the availability of FHA or GI financing.

"The only way to keep interest rates from rising is to provide more mortgage credit and that is what the Emergency Home Ownership Act, is designed to do. By providing a billion dollars additional to purchase FHA and GI loans at par—that is without a discount—we can really come to grips with the problem."

Wages and Hours

There is a strong move in Congress to push through a wage and hour bill this session. The two principal bills, S. 1046 by Senator John F. Kennedy (D., Mass.) and H.R. 4488 by Representative James Roosevelt (D., Calif.), would raise the minimum rate from \$1 to \$1.25 an hour and greatly extend the coverage.

Senator Kennedy's Subcommittee on Labor held hearings on S. 1046 last session and recommended the bill to the full Labor and Public Welfare Committee where it is pending. In the House the Subcommittee on Labor Standards, of the Education and Labor Committee, has hearings scheduled for March 1 which may go over until March 15. Representative Phil M. Landrum (D., Ga.) who is chairman of the subcommittee is resisting the pressures being applied for this proposal.

While the Fair Labor Standards Act applies to the employees of business in interstate commerce, certain proposals pending before the Landrum subcommittee would re-define and broaden interstate commerce to include those businesses "affecting or competing in commerce." According to one estimate coverage would be extended to an additional 12-million employees. Once the principle of the extension of the act has been established the problem thereafter will center on what the minimum wage will be. (END)

Unlimited Opportunities for Leadership in Public Affairs, Says Carl A. Bimson

For years it has been a common practice of bankers to interest themselves in public affairs of one type or another, but they have largely shunned the political arena," said Carl A. Bimson, vice-president of the American Bankers Association, before the Mid-Winter Conference of the Ohio Bankers Association in Columbus.

"We have been hesitant even to declare our position on legislative issues vitally affecting our business," Mr. Bimson said. "One of our worst faults has been that of communication—or rather the lack of it. This lack of communication has gone beyond the confines of our own organization, however, as indicated by a recent study made by an opinion research organization."

CONTINUING, Mr. Bimson pointed up these facts:

"This study showed that 51% of top management business executives had never written their Congressmen. The same study reported that 55% of these business leaders had never asked any one else to write a Congressman and that 69% had never spoken to their own Washington representatives about legislation.

"Other studies indicate that an insignificant percentage of businessmen know or have ever written to their local political leaders, and an even smaller proportion have made any effort to invite candidates for important public office or office holders into their plants or businesses so that they might become better acquainted with certain segments of the business economy and at the same time employees might meet them and become better acquainted with them at first hand.

"Probably the most descriptive word which can be applied to this attitude on the part of most businessmen, toward public affairs in the past, is that of "apathy."

"This apathy is generally the re-

sult of a feeling of defeatism and discouragement—partially, no doubt, due to our failure of communication and partially due to skepticism about the good that could be contributed by our individual effort.

"Lately, however, there has been a revival of interest in the political phases of public affairs, with both the U. S. Chamber of Commerce and the National Association of Manufacturers having prepared action courses in practical politics—complete with discussion leaders' manuals for use by businesses. [See page 55 of January and page 54 of February Banking.]

"... The current movement of businessmen to get into politics is based upon an entirely different premise—any one or all of us can justify, and that is that we are more interested in what a candidate actually believes and will fight for rather than what political party he belongs to.

Too little is known by most of us about the political leadership in even our home districts and counties. Very few take any part in the selection of the convention delegates who determine candidates who will be represented on the ballot, or help to formulate their party's platform on legislative and governmental issues, or, for that matter, are willing to give financial support to a candidate who would best represent our conception of what constitutes sound legislation and a free enterprise concept as opposed to a socialistic central government approach."

Vice-president Bimson summarized a lengthy discussion of this subject by stating that "the opportunities for leadership in public affairs are unlimited; the need is evident; the responsibilities are inherent in the stature and compass of our profession; the rewards are most satisfying whether they be on the local, the state, or national level."

A Kid Gets a Job

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... and what the bank did to help

This is Nancy's story. It could just as well be Joe's, because boys, of course, get bank jobs right out of high school, too, and the program that makes the story possible does not, to speak stuffily, discriminate between the sexes. But Nancy is a personable, rather exceptional miss, and her case history illuminates the recruitment corner of the banking business. Besides, she's a Titian blonde, and red-heads, you know, are newsworthy.

Nancy lives in a town in New York's Westchester County. About a year ago, with high school Graduation Day coming along like a jet plane, she heard a career talk by a young woman from a bank. This circumstance, we realize, is hardly unusual, and can be duplicated in California, North Carolina, or any state—but let's stick to Nancy and her bank, The County Trust Company of White Plains, which has 40 Westchester offices.

Questions, Questions

So interested was Nancy in the explanation of opportunities in banking that she lingered after the meeting and asked questions, some prompted by the little talk she had heard, some by her own observations when she had visited the bank on a student tour earlier in the school year. A few other young folks had stayed, too, but Nancy outlasted them. She was starry-eyed—the embodiment of a personnel person's dream.

A hundred questions and two hours later the bank's emissary, Sally McCarthy, said: "Nancy, why don't you drop in some day? We'd like to see you, and I think you'll like what you see of us."

So Nancy called at County Trust's personnel office and (you've guessed it) she was hired. Today she's one

of the young people to whom Vicepresident Thomas M. Hyland, the personnel officer, points with the satisfaction that comes from accomplishment.

"See," he says, "what high school recruiting can do!" And he adds: "We get about 125 of these alert kids every year. They're not all Nancys, but they're indispensable. This bank banks on 'em."

A Recruitment Timetable

We'll leave Nancy at her desk for a few paragraphs and examine rather closely the plan that brought her into the banking business.

County Trust's program, virtually self-perpetuating, has several components that may be useful not only to other branch systems, but to unit banks as well. It is based on a business philosophy that grants considerable autonomy to the local office managers. Part of each man's responsibility is to know his community's important educational people superintendents of schools, principles, guidance counselors. This is the personnel vital to recruitment and therefore to the youngsters who, like Nancy, will be getting jobs at the bank when they take their diplomas at the 26 high schools currently producing recruits for CTC.

You might well say that the plan has been worked out with loving care. The procedure for each manager is sent to him, just before school opens each fall, in the form of a mimeographed sheet that notes the things he is to do during the next few months to help interest local boys and girls in working for the bank.

Monthly Assignments

Inasmuch as this is a practical article, we can hardly do better than follow through this schedule step by step, month by month. Thus you'll have a pretty clear picture of the preparation behind the employment of our prototype young beginner.

September. The manager has several assignments for the beginning of the school year. First, he writes a welcome letter to new teachers whose names he gets from the list published in the home paper. It's a friendly note, not a form letter; the writer is merely saying "Glad to have you in town. Come in and see us." (Incidentally, this is a good business development move, the effective soft sell.)

If the teacher is a new guidance counselor, the officer arranges a lunch contact—and the bank has a foot in the door. Counselors holding over from other years get reports from the bank on the progress of graduates hired the previous June. (Thus the teacher who helped steer Nancy toward a job will soon hear how she's making out.) If an employee has been assigned to a branch in another town, it's suggested that the counselor communicate with the central personnel department in White Plains.

Staff Magazine Helps, Too

Another item on the manager's September agenda is: Be sure that counselors and heads of school commercial departments are on the mailing list for Bank Note, the staff magazine. This is an important contributor to the success of the recruitment program; its stories on new employees, career opportunities, and other features about bank family life spread the word about the bank as a good place to work. County Trust stoutly maintains that a satisfied employee is a mighty good recruiter.

November. The bank lets the Sep-

tember projects ripen during October. Then, in November, the manager's schedule calls for bank participation in Business-Education Day. That's a useful occasion from one end of the country to the other, and numerous banks take advantage of it. CTC brings teachers to as many offices as possible, and the contact is a valuable recruiting aid. In fact, one visit to the main office by the commercial subject teachers in White Plains resulted in a year's supply of students for the bank's work-school program that provides part-time employment at clerical jobs, and incidentally sends many voungsters into regular jobs after graduation.

November is the time for student trips to the bank and for making Career Day plans; all arrangements, of course, are made in consultation with the schools. Personnel head-quarters supplies the speakers for CD. (More about this important activity in a moment. It sold Nancy on banking, and will sell many more young people this spring—and next.)

... and Bank Calendars

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December. Things relax a bit. The manager sends bank calendars (home and office) to the guidance counselors, commercial department heads, superintendents, and principals, with the word "If you want more, just ask for them." Christmas cards to the school personnel help keep the communication channel functioning.

January. The new year's first activity is the mailing of the bank's annual report to the educators. This document is of service, for it contains a résumé of news about "our greatest asset, our staff," fringe benefit statistics, educational activities, and staff participation in the business development program. The 1959 report also included a statement of the bank's personnel policies as they have evolved over the years. All this information is useful in recruitment. Not only does it spread the bank's story among the staff families, friends, and neighborhoods, but it brings the schools into the circle, too.

March. February, like October, is an off month, but in March the bank goes to town. Recruitment is imminent now, and the many facilities that support it are marshaled.

Each branch officer is supplied

with "After High School . . . What?," a pocket folder, produced by the personnel department. It tells why "a good job is a good investment." Guidance counselors get the booklet in quantity, through the branch managers.

When Nancy read her copy, along about April, she had a fleeting idea that banking might be for her; she'd been thinking about it since that tour. She liked the way the folder put things:

"If You'll Be Job Hunting . . ."

"Next June will be a special month—a month when you, a high school senior, will receive the well-earned diploma signifying successful completion of your studies. It may well be a month when you will make an important decision about your first job.

"Should you be seeking a position, remember that business is eager to



This is the cover of the bank's folder for the seniors

make the best possible use of the knowledge, character, health, ability, and willingness to learn, which you have developed throughout the years. These are your assets. And, having much more value than money, they should be invested most carefully in a position you will like, one that will open avenues to a long and successful career.

Questions, Anyone?

"From talking with graduates of your own and other high schools, we, at County Trust, have become aware of the variety of questions you wisely want answered by prospective employers. In this folder we have given our answers to many of them. However, we know there are others, reflecting your own interests and desires, that can be answered individually. So why not plan to stop and chat with us sometime during your senior year? We'll be happy to see you, show you around the bank, and describe the opportunities in a banking career."

Then Nancy read general remarks about banking, a short résumé of starting assignments for a beginner, educational opportunities (she could take American Institute of Banking courses at CTC expense), on the job training, and the fringe benefits. In conclusion she got some observations that made her think carefully (and we quote):

"Investment" Return

Countless interviews, surveys, and studies show the following to be the things a good job should give you the return on your investment:

The knowledge that you are engaged in something worthwhile

The opportunity to show what you can do

The right to advance as far as your merits can carry you

Recognition for your achievements Salary equal to or better than that paid for comparable positions

Reasonable assurance that your job will last as long as you perform satisfactorily

Provisions for time to enjoy lifevacations, holidays

Provision for sickness, accidents, and retired years

Pleasant working environment and cordial relationships with your coworkers

Nancy liked that. She began to think, "Well, now . . ."

(CONTINUED ON PAGE 116)

Future Unlimited

Career Opportunities in Banking for High School Graduates

These photographs are a few from "Future Unlimited," the new booklet recently published by the A.B.A.'s Department of Bank Personnel Administration. Its purpose is to interest high school graduates in banking careers and to aid teachers and guidance officers in advising the young people. The attractively illustrated text talks about the growth of banking, its increasing opportunities, the environment of a bank job, salary, chances for advancement, educational opportunities, and the variety of positions.



A Wide Range of Jobs . . .











BETTER METHODS & SYSTEMS

What the Annual Reports Say About

ELECTRONIC BANKING

The revolutionary changes now under way in banking mechanics are reflected in many of the annual reports for 1959.

With proverbial (and pardonable) pride, management calls the attention of stockholders and other readers to new electronic accounting equipment, preparations for MICR (Magnetic Ink Character Recognition), use of computers, and other aids to better, faster, more accurate service in the Atomic-Space Age. Many of these machines were put to work last year, in some cases supplementing earlier installations. Others will be doing their big intricate jobs by the end of the present year.

From the pamphlets we have culled references to the swift progress of "automation." The file, of course, is incomplete; for one thing, BANKING receives only a fraction of the number published. However, our coverage is a reminder that in the last half-dozen years bank housekeeping has moved faster than in its entire history and that the "electronics officer," as one bank calls its automation expert, is an increasingly essential member of many bank staffs.

But machinery cannot and does not overlook the fact, often stressed in the reports, that even the cleverest mechanism requires the thinking and prompting of men and women. There can never be a substitute for that!

THE NATIONAL BANK AND TRUST COMPANY OF FAIRFIELD COUNTY (CONN.), based in Stamford, reported that early experience with the automation program "caused us to employ a new kind of banker-an 'electronics officer,' so to speak-to supervise the highly technical engineering problems involved in electronic activities." NBTCFC has the first computer of its kind to be installed in a bank. Last year the initial steps were taken toward converting checking accounts to electronic accounting. "The reaction of customers was most favorable." The final stage of the automated accounting program is scheduled for completion late in 1960 when the bank will install a magnetic tape computer to handle procedures now processed through the card input computer.

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO reports that its directors are considering an operating budget for 1960 and 1961 "preparatory to the selection and installation of electronic computer equipment" which will necessitate numbering of checking accounts and

be of potential benefit to other accounting procedures."

NATIONAL BANK OF COMMERCE IN MEMPHIS expects to have its book-keeping department automated by approximately mid-1960.

PITTSBURGH NATIONAL BANK, PITTSBURGH, PA., reported progress in developing an account numbering system and consolidated bookkeeping, as preliminary steps in preparing for automation of all deposit and check processing.

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THE FIRST NATIONAL EXCHANGE BANK OF ROANOKE, VA., told its stockholders that late in 1959 it began preparing "attractive new checks" coded in magnetic ink; they will be available early this year, with plastic identification cards. New advanced bookkeeping machines will be installed in the spring. The bank is looking toward a modern integrated data processing center serving all departments.

WESTERN PENNSYLVANIA NATIONAL

BANK, PITTSBURGH, reported development of two more electronic book-keeping centers, installation of a data processing center, numbering of checking accounts on preparation for magnetic ink, and training for personnel in electronic banking techniques. It hopes eventually to centralize all bookkeeping and accounting, using the latest electronic equipment. The present data processing center uses punched card techniques.

NATIONAL BANK OF COMMERCE OF SAN ANTONIO said: "Installation of additional automation equipment continues to increase efficiency and expedite handling of transactions in various departments."

MERCHANDISE NATIONAL BANK OF CHICAGO anticipates that all its checking account bookkeeping will be handled by computer before the end of 1960.

THE UNION & NEW HAVEN TRUST COMPANY, NEW HAVEN, CONN., informed shareholders that its changeover to semi-electronic bookkeeping had been accomplished smoothly. SAVANNAH (GA.) BANK & TRUST COMPANY put five electronic book-keeping machines to work in 1959. Previously customers had been provided with pre-coded, personalized checks.

Manufacturers Trust Company of New York has ordered an electronic data processing system, with delivery expected in mid-1961. It will be used first in check-handling, including sorting, bookkeeping, statement preparation, and analysis. Later the system will be extended to personal loan accounting, dividend disbursement, and other functions.

TRUST COMPANY OF GEORGIA, AT-LANTA, last year converted to electronic bookkeeping machines using account numbers for posting verification. Its equipment is now being used on all individual checking and savings accounts, an intermediate step toward fully automated record keeping.

FIDELITY - BALTIMORE NATIONAL BANK, BALTIMORE, MD., last year assigned numbers to customers' accounts and is now furnishing customers with checks bearing the bank's routing symbol, transit number, and code number in magnetic ink. Modern bookkeeping machines were recently installed in the commercial accounts department. "Pending the introduction of even more advanced and tested procedures, however," said the report, "we do not deem it practical at this time to alter our efficient and economical operations in the personal accounts and special accounts sections."

THE FIRST NATIONAL BANK OF MONTGOMERY, ALA., installed 12 accounting machines late in 1959. Checking account posting is now controlled electronically.

THIRD NATIONAL BANK AND TRUST COMPANY, Dayton, Ohio, reported installation of electronic bookkeeping machines as the first step in its time table leading to full check automation.

LASALLE NATIONAL BANK OF CHICAGO has ordered a comprehensive electronic computer and sorter for handling its checking and savings accounts and mortgage and instalment loans.

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VALLEY NATIONAL BANK, noting that it had started moving the metropolitan branch bookkeeping departments to a single location in Phoenix and Tucson, said it had named these new plants "operations centers." The first electronic data processing equipment will be installed in Phoenix to service the present 20 branches and the 12 additional branches expected by 1962.

(CONTINUED ON PAGE 111)

Standards for Checks

MAGNETIC ink character recognition (MICR) is not practicable unless checks meet certain standards, and banks should review the forms of checks used by their customers, taking steps to bring all into conformity with acceptable standards.

This suggestion comes from William F. Treiber, first vice-president, Federal Reserve Bank of New York. Talking to the midwinter meeting of the New York State Bankers Association, he said the first essential was that checks bear the transit number-routing symbol in "E 13 B" magnetic ink characters near the bottom, in the place recommended by the A.B.A. Bank Management Commission, as well as in the ordinary type in the customary location in the "northeast corner" of the check.

Second, Mr. Treiber asserted, headache checks should be eliminated.

"They are just as painful to a small bank as to a large bank. Headache checks are checks which cause errors and slowdowns in present check-handling operations. Because of their format many of them will not be readily adaptable to mechanized check-handling procedures.

They are a headache for the banks in the collection stream; they are a headache for the drawee banks during final processing."

Noting that a special committee of the A.B.A. was preparing a booklet on check standardization and the problems presented by headache checks under the common machine language program, Mr. Treiber mentioned some examples of troublesome checks:

Some Trouble Spots

(1) Amounts easily confused with other figures.

(2) Excessive use of advertising or other extraneous material which obscures essential information.

(3) Drawer's name made illegible by other printing.

(4) Insufficient blank space to permit proper entries.

(5) Extremely large, small, or odd-shaped checks.

(6) Unconventional check forms, such as envelope drafts and checks with documents attached.

(7) Counter checks or blank checks lacking essential information.

(8) Changes in name of drawee bank.

(9) Transit number-routing symbols obscure, missing, or misplaced.

(10) Checks with restrictive legends.

"With the introduction of new high-speed equipment," said Mr. Treiber, "the need for uniformity will be increased many times since the equipment will be economically feasible only when a large volume of checks can be processed with a minimum number of rejects requiring special handling.

"Since the average check is handled by 2 1/3 banks, the total delay and cost occasioned by special handling of problem checks are clearly enormous. The ever-mounting check volume and costs make it imperative that nonstandard checks be eliminated and that all checks be redesigned to provide the magnetic ink encoding. To accomplish this goal will require the cooperation of everyone concerned with check operations: bankers, check printers, businessmen, customers, accountants, and system planners. Success in achieving this goal should assure to bankers maximum efficiency in the collection of checks and should pay them handsome dividends in the form of faster collection, fewer problems, and lower operating costs."

WHAT BANKS HAVE FOR SALE



600,000 bank service salesmen have quite a package to offer future customers



HOW 40-MILLION FAMILIES CAN LIVE BETTER FINANCIALLY

Fred and Marge Peters reenact their entire lives each day in your bank. Maybe the names aren't familiar, but you'll recognize the problems. Here, compressed in time and space, is the role played by the bank in their lives. The bank fills this role best when it realizes that Fred and Marge are not "accounts" or "depositors," or "customers." They are people

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The Newly-Weds

SPECIAL checking account?" the man at the desk asked. "Certainly. Your name, please?" "Fred Peters," the tall, young man replied as he sat down beside the desk. "But the account . . . can I have two names on it?"

"You and your wife?"

"That's it," Fred agreed. He grinned lopsidedly. "We're, uh, well, we just got back from our honey-moon."

The new accounts man nodded sagely. "Congratulations, Mr. Peters." He began taking down vital information but was soon flooded with unasked-for details. Fred, it seemed, was 24, while Marge would be 22 next month. They lived in a two-and-a-half-room apartment. Marge worked part-time for a doctor. Fred worked in Sam Kramer's hardware store.

"-at \$4,000 a year," he volunteered helpfully.

"We don't need all this information," the banker smiled. "But, just to satisfy my own curiosity, do you know how many checks you'll write each month?"

Fred shrugged. "How many am I supposed to?"

"As many as you can cover with your balance. Each time you write one, it costs a dime. There's also the 50 cents a month for maintenance." The new accounts man squinted thoughtfully. "Let me take a stab in the dark," he said then. "You owe the landlord, the phone company, and the utilities. Right?"

"And the airlines."

The banker frowned for an instant, then grinned, "Fly now, pay later?"

"Right," Fred told him. "I figure to be paying off that honeymoon for quite a while. But it was worth it." "It always is. Any savings?"

"Marge has some. Mine are just about shot." Fred began to look worried. "Is something wrong?"

"Not at all. You're in as good a shape as most people starting out. Now, here's a thought. You have to meet four monthly payments: rent, phone, utilities, and the travel debt. Four checks in all. Do you think you could handle the rest of your transactions in cash?"

Fred looked uneasy. "I'm afraid I don't understand."

"You know, groceries, transportation, clothes, entertainment, medical expenses, that sort of thing. Wouldn't you normally pay cash for them?"

"Oh, sure," Fred agreed. "Why?"

"Here's the thing," the banker explained. "We have another kind of checking account which allows you a limited number of checks free each month, as long as you maintain a minimum balance."

"Sounds good."

"It has a hidden advantage for newly-weds," the banker went on. "Limiting the number of checks you write each month helps you stay within your budget." He winked at Fred. "Does that strike you as sensible?" "It certainly would," Fred assured him, "if we had a budget."

After a few discreet questions, the banker proceeded to draw up a budget for Fred and Marge that covered their normal expenses. "It leaves you with a bit less than a hundred a month uncommitted." He looked up from his figures. "Got any plans for that hundred?"

Fred gestured vaguely. "It'll go somehow. It always does."

"There's one way to make sure you know where it's going. A savings account. You could put most of Mrs. Peters' savings in it and use the rest for the minimum balance checking account. Then you could add \$100 a month to savings. Maybe it would sound easier if I said \$25 a week?"

"I don't know," Fred told him. "It's an awfully tight budget. I never lived on one before, to tell you the truth. And, anyway, I like the idea of cash in my pocket. You know."

"It's up to you," the banker assured him. "Our experience is that when you keep your surplus in your pocket, it seems to sort of disappear."

Fred stared solemnly at the desk top. "That," he said slowly, "is the gospel truth." He thought for a moment. "Okay!" he exclaimed then. "Let's give it a whirl. We'll do it your way... for a while."

As he drew the necessary forms to him, the banker added one thought that seemed to stick in Fred's mind. "Don't ever underestimate your savings account," he heard the man say. "You can't imagine how handy it's going to be in the years to come."

Everyone's problem is unique—to him. Show that you're more interested in solving his problem than just selling a service and he'll keep coming back.



A Car and a Stork

RED Peters' usually smiling face looked glum and drawn as he strode into the bank on his lunch hour. In the two years since he'd first done business there, Fred had come to know most of the people on duty. The savings account teller greeted him by name and then wondered, aloud: "Anything wrong?"

"Nothing," Fred responded quickly. "It's just that I have to close out our savings." He shoved across his passbook. "Do it fast so it doesn't hurt as much."

"The whole balance? Something is wrong." Fred shook his head. "I'm buying a used car, that's all. I need one and this dealer over on Maple has a bargain."

The teller looked puzzled. "Does he have to have cash? We could get you a loan, you know."

"I've got the cash, so why bother?"

"Because you're wiping out your whole savings account," the teller explained. "You have nothing left for emergencies."

It was Fred's turn to look puzzled. "Who told you?" "Huh?"

"About Marge. Even her folks don't know yet." Fred eyed the teller closely. "You friendly with the doctor or something?"



"I get it. Stork on the way?"

Fred sighed. "And that's why we need the car."

"You just lost me," the teller confessed. "What's a car got to do with it?"

"Because," Fred explained, "we'll have to move out of our apartment. When the baby comes, we'll need more room. So the car is to look for a house in the suburbs with. Right?"

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> "And once we're out there, we'll need the car to commute and shop. So," Fred concluded, "close the savings account."

"Have you any hospital insurance?"

"I'm in a group plan at the hardware store," Fred told him. "It won't pay for everything, but it'll help. The rest I'll just have to owe the doctor."

"You could owe us," the teller said. "That's our business. The doctor's in a different business."

Fred frowned. "You'd lend me enough to pay the doctor?"



"Sure, but it's smarter to do it the other way around. Look," the teller continued, "suppose you drew out just enough savings for the downpayment on the car. You could finance the balance with our loan. That would leave the rest of your savings intact for later . . . when the stork arrived."

"Either way I'm going to spend every nickel of savings."

"Not quite," the teller assured him. "Your savings will earn interest until the doctor presents his bills. Meanwhile, you'll continue saving. If you closed the account now, how would you save? What would happen to that \$100 a month you usually bank?"

"If I'd been that faithful." Fred confessed. "I'd have a heck of a lot more in the account by now. But I see

what you mean."

Half an hour later he shook hands with the loan officer and glanced at the wall clock. "I guess I haven't any time left for lunch." Fred grinned ruefully. "Better get used to eating light, anyway."

"It isn't as bad as all that, Mr. Peters."

"No? Why not?" Fred sounded almost belligerent. "You have some extra things working for you," the loan officer said. "Your minimum balance account, for instance. You can always tap that reserve if you have to. And the fact that you already have an active savings account. Think how tough you'd find it to start saving if you hadn't already."

Fred got up and tried a half-hearted smile. "You make me feel a little better," he admitted. "But only a little."

"By the way," the banker added then. "This house you're looking for. Have you figured out how you'll get together a downpayment?"

Fred closed his eyes for a moment and took a long breath. "Mr. Miller," he said then, "this may shock you. But I don't even intend to start worrying about that until after the baby's here and paid for."

The older man eyed him sympathetically for a moment and then chuckled. "Cross one bridge at a time, eh? I guess that's the best way."

The customer isn't always right, but it takes tact to show him he's wrong. If properly handled he'll appreciate the help instead of resent the meddling.

Finally . . . a House

UNNY thing," Fred Peters told the mortgage man at the bank. "Two years ago we started looking for a house because a baby was on the way. Now, here we are with two kids and we're finally getting that house."

The mortgage man shuffled together records of the transaction. "Just in time, too. When's Mrs. Peters due back from the hospital with the new arrival?"

"Monday. I'm spending the weekend moving everything into the house."

"Both of you will need a rest," the banker observed wryly. "Well, the place is yours, as of today. A nice buy, too, at \$11,000. Nothing fancy, but the neighborhood's a good one."

"That's what Marge likes best. After all," Fred pointed out, "Junior's almost two. He'll be wanting friends to play with in a little while."

"We like the neighborhood best, too," the mortgage man said. "We inspected the house from cellar to roof. But we checked the location even more thoroughly. It's a well-equipped, well-run community, still growing. No blight and no signs of it. Of course, the fact that we have a branch office there makes us happy, too. I imagine you'll be transferring your business there."

Fred shook his head. "Not for a while. I work right around the corner from here. I'll be dropping in to make my payments and such."

"You can do that by mail," the banker pointed out.
"You can handle your checking and savings that way,
too. Or transfer the whole package to our branch.
We try to make things as easy as we can for you."

Fred shrugged. "I won't be doing much saving these next few years, so we can skip that part. I mean, the mortgage payments are more than a hundred a month and that was all we could ever bank before."

"Even with your raises?" the banker asked. "Your boss thinks pretty highly of you. What're you up to now, \$6,500?"

"But with double the family I had at the start," Fred reminded him. "And furnishings to pay off."

"We can help you there, with a loan."

"No, thanks," Fred said flatly. "You've been on the level with me all the way, but I've gone elsewhere for help with the furnishings."

"Oh? Tell me about it," the banker urged.

"Nothing to it. We already had a lot of things. But we picked up a sofa and a washing machine and, let's see, some lamps and a bigger TV set. And a refrigerator. The whole thing was just under a thousand.



Real discount bargains and with no downpayment."
"Eighteen months to pay?" The banker's pencil flicked across a pad of paper. "About \$70 a month?"

"Right," Fred agreed in a startled voice. "How'd you---?"

"Do you know what your real per annum interest is? Eighteen percent."

"Nonsense!" Fred retorted. "It's one percent. Why do you think I went for it? You birds charge six and seven."

"Per year," the banker explained. "Those discount bargains are costing you one percent, all right...per month." He waited for Fred's answer, but got none. "For a thousand, you'll pay out \$1,270. One of our home furnishing loans would have totaled \$1,090."

"Can they do that to me?" Fred asked irately.

"Read the fine print. I'm sure you'll find that they can," the banker said. "Now, most instalment plans are on the up-and-up. They're convenient, too. But now and then you'll run into a tricky one. If you're ever in doubt, check with us. We'll tell you whether it's legitimate or not."

"Even if it means losing out on a loan to me?"

"Mr. Peters," the banker said firmly, "did you ever wonder where reliable, responsible stores get the money to finance your purchases? From banks like us, that's where. We don't care how you do your financing as long as you get a fair shake."

"I never thought about it that way." Fred looked pleasantly surprised. "Well," he said, "live and learn."

"About the cost of financing, too," the banker added with a wink.

The words "It might have been" are sad, but to say, "I told you so," can be catastrophic. It is easier to accept an explanation than to shoulder blame.



Vacation Time

FRED Peters trudged into the bank, a knapsack over one shoulder, a fly-rod in his other hand. Trying not to bump or prod any of the other customers, he made his way to the loan officer and sat down wearily. "I don't think much," he admitted, "of slogging through the back woods with all this gear."

"You could always take a vacation after your vacation," the officer said. "What can we do for you?"

"Well, Junior's six and Sis is four. They're old enough to endure a family vacation. So Marge and I are going to hop in the car and head for the tall timber with them. I've got a month coming to me. We'll take it slow and easy . . . motels, camping grounds, you know."

The banker failed to answer for a moment, a far-away look in his eyes. Then, snapping back to attention, he said: "You started me daydreaming, I'm afraid. Now, how can we help? Small, one-year loan?"

"That ought to do it. We figure, say, \$500," Fred said.

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"It'll be \$45 a month, including the insurance. When do you need it?"

"About a week before we leave." Fred picked up the fly-rod and flexed

it gently. "Just started stocking these at the store." "Fiber glass?" the banker asked.

"Yeah, with a new kind of spin action in the reel that—. Here, try it for yourself."

The loan officer's hand reached for the rod, then stopped half way. "Uh, later. I'll drop by the store on my lunch hour." With an effort, he returned to the problem at hand. "Will you want it in cash?"

"Will anybody cash my personal check on the road? They don't know me."

"Chances are they will. But if you don't want to take any chances," the banker suggested, "carry a third in cash and the rest in travelers checks."

"Good idea."

"How's your insurance situation?" the banker wanted to know then. "Auto theft? Personal floater, that sort of thing?" "I'm in good shape there. And a neighbor will look after the house while we're gone. There is one thing, though."

"The valuables?" the banker guessed.

"Just a lot of papers and policies and some E bonds and such."

"Umm," the banker mused, "our branch in your neighborhood doesn't offer safe deposit facilities yet. But we have them here, of course."

"How expensive?" Fred asked. "I mean, this vacation is costing enough as it is."

"Six dollars a year sound all right to you?"

"Sold!" Fred exclaimed. "That's a load off my mind."
The banker began to fill in some forms. After a
moment, he looked up thoughtfully. "Mr. Peters," he
said, "I'm going to ask some peculiar questions that
have nothing to do with the loan. But you're a valued
customer and . . . anyway, you can always tell me it's
none of my business."

"Shoot."

"Well, you'll be traveling and there's always some risk. The point is, have you made a will? Has your wife? Have you checked your health insurance for the way it covers you? Have you got enough life insurance? Does it have disability benefits?"

"Is that all you wanted to know?" Fred asked, grinning with relief. "For a minute there you had me scared. The insurance is all okay. But, now, this business about a will, I don't know."

"Nobody likes to think about it. But everybody has to sometime. Your accounts are jointly held with Mrs. Peters, as is the house and car. But if you talk to a lawyer, he'll explain why both of you need wills."

Fred stared at his hands for a moment. "Then I guess I'd better go see a lawyer. Thanks for the reminder."

The banker nodded vigorously. "Now, about the loan and the safe deposit box and the travelers checks, leave everything to us. You just drop in here a week before you leave and it will all be ready for you."

The solution to one problem often creates another. Bankers should do more than provide an answer; they should anticipate other possible problems.



Looking Ahead

The floor man turned away after straightening up some stacks of deposit slips to see Fred Peters entering the bank with a lanky 10-year-old boy in tow. "Afternoon, Mr. Peters," he said. "This can't be Junior, can it? Last time I saw him he was about a yard high."

"He'll be two yards before any of us know it," Fred promised him. "Junior, say hello to Mr. Lynch."

"Say," the boy said, eyes wide, "is that a real gun?" Fred smiled as he led Junior to one of the desks. "Anybody who tries to hold up this place will find out fast enough." After introducing his son to the new accounts man, Fred sat down. "Junior will explain it," he said.

"Well, I want to, uh, keep my money here," the boy faltered.

The banker looked very grave. "Sound move," he agreed. "Now, then, you look to be, oh, about 13"

"Ten," Junior told him in a pleased voice, "going on 11."

"Big for his age, eh?"

"Smart, too," Fred volunteered. "This was his idea, coming down here. He's been filling his piggy bank and yesterday was his birthday, so he's got a check from his grandparents. All together it's, how much?"

"Twenty-two dollars and thirty-seven cents," the boy reported.

The banker's eyebrows went up. "You want to deposit all of it?"

"Right."

for college."

"Well, then," the new accounts man began as he filled in the forms, "you must have some pretty big reason for wanting to save so much money."

"To go to college," Fred explained.

"To buy a bike," the boy announced simultaneously. The two men laughed for a moment. "Let's just compromise," Fred said then, "on a bike and going to college. I figure there's no reason to do everything at the last minute. Might as well start planning now

The banker nodded. "Did you have a specific plan in mind? We offer a tuition loan, but there's no need to do anything about it until the time comes. Your insurance agent might have an annuity plan for you." Fred looked thoughtfully at his son. "Whatever I do, I don't want to have to do it all in one chunk seven or eight years from now."

"I wish everybody felt that way," the banker told him. "There is something you can do right now. You have your regular family savings account. It's perfect for the purpose it serves. Perhaps now's the time to open a special purpose savings account."

"What's the point?" Fred asked. "Saving is saving."
"Not quite. Suppose you open a new account in trust for Junior. You decide to shave a five-dollar bill off your regular weekly deposit and put it in the trust account. That's \$260 a year, earmarked for Junior. In eight years, that's over \$2,000, enough for books, clothing, and a year's tuition, with a tidy sum left over for room and board."

"But couldn't I do that in my regular savings account?" Fred wanted to know.

"You could, but you'd find it hard to keep the funds earmarked. Our experience proves this again and again. You'd find it much easier to leave that trust account alone because it's separate and distinct from the main account."

Fred thought for a moment. "And then, in eight years, we could try one of those college loans to cover the rest of the tuition? Is that it?"

"That's it," the banker said. "Meanwhile, Junior's own account will be growing, we hope, bike or no bike. And both accounts will be earning interest all the while. A little bonus, when the time comes to withdraw the money."

"What's a bonus?" Junior piped up.

"A bonus," his father explained, "is something you'll want to spend on taking girls dancing, it's something extra that comes in handy."

The banker handed the completed forms to Junior. "Sign here," he said.

"Let's see," Fred mused aloud. "Trust account now. Tuition loan in eight years. Did I forget anything?" "Sure," his son informed him, "the bonus."

It's fine when a man knows exactly what he wants. But he doesn't really know until he understands all the alternatives and the pros and cons of each one. yo cu

Joys of Suburbia

HAT I can't figure out," Fred Peters was complaining to the loan officer, "is how it all happened so fast. One day we were sitting around and the house was fine, just fine. Sound, roomy, comfortable. The next minute it's too small, the furnace is on the blink and I have no place to store tools."

"I'll tell you what's happened," the banker said, "same thing that happens to any house. It stays the same but time marches on. You don't live the way you did 13 years ago when you moved in. You've accumulated 13 years of odds and ends and your kids have accumulated a horde of friends. So the house has to be updated."

"That's the understatement of the year."

"What did you have in mind for it?" the banker asked.

"Just a few little minor things," Fred explained sarcastically. "Just a new heating system, converting the basement to a playroom and enclosing the carport. Just some inexpensive things like that."

"Total damage?"

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"Exactly \$2,700," Fred said, wincing. "That's about a third of my annual salary before taxes. A third I don't happen to be able to spare," he added morosely.

The banker thought for a moment. "We could open up your mortgage."

"How's that?"

"Your mortgage has an open-end feature. For any legitimate purpose that enhances the value of the house we can increase the amount of the loan and extend its term. It won't affect your monthly payments much."

"I'm too near the end to try that," Fred demurred.
"But if you could lower the cost enough, a home improvement loan would be a handler way to get the

money."

"I thought about that," Fred admitted. "I can buy the heating equipment and lumber and fixtures through the hardware store. I'm manager there now and I





could get a builder's discount. But . . ." His voice died away.

"What about the labor? Could you do part of it yourself?"

"Oh, I could," Fred said reluctantly.

"But it's too much for one man to tackle?" the banker surmised,

"I only have Sundays free. I'd like to keep them that way."

"If you're living in the suburbs, your Sundays aren't free by a long shot." The banker picked up his pencil. "You tell me what you can get the equipment and supplies for. Then we'll see how it works out."

A few minutes later the two men had worked it out. "Comes to \$1,700," the banker announced. "That's a far cry from \$2,700. On a 3-year loan it's a bit over \$50 a month. Can you swing it?"

"Swing it, the mortgage and a hammer, you mean." Fred scratched his head. "Tell me, why can't I do that open-end mortgage thing instead and keep the monthly payments the same?"

"Suit yourself," the loan officer told him. "It depends on what you plan to be doing for the next decade or so. Whether you want to amortize your mortgage quickly or not. What makes sense to one person doesn't always make good advice to another."

"In other words, no comment?" Fred suggested.

"All the comment you want. That's what we're here for, to explain your choices, point out alternatives you might not have seen, and let you know what they'll cost. But it's still your house and your money. So it's your choice."

"Fair enough. But, supposing it was your house. How would you choose?"

The banker paused for a moment. "First of all, my children are older than yours. When they leave home, a house that size would be a burden to my wife and me. I'd want to amortize the debt as fast as possible and claim my full equity in the property. When I sold, I'd get every cent. But, you see, that's what I'd do."

Fred sat without speaking for a long moment. Then he sighed and picked up his hat. "I see what you mean," he said as he got to his feet. "In other words, I'd better powwow with Marge before we decide anything at all."

"That," the banker said as he shook hands, "never hurt anybody."

A short-term gain can be a long-term loss. It is important that the bank demonstrate to customers how to conserve credit as well as how to use it.

On His Own

RED had done a lot of fact-finding and planning to convince himself—and Marge—that he should start his own business. He studied the figures again. "A hardware store in this town can do at least a \$50,000 business. That would gross \$15,000 and expenses will come to \$10,000."

Marge liked the idea but she was worried about the possible dangers. "Are you sure you figured the expenses correctly?"

"Sure," Fred said confidently. "That store I found is a bargain; rent, heat, and utilities can't be more than \$2,400. Other operating costs come to \$1,600. And I'll draw a salary of \$6,000."

"It'll be hard to make out on \$6,000 after the \$8,000 you're getting from Kramer's," protested Marge.

"We've seen how we can adjust our budget to it," Fred replied. "Besides, the \$6,000 is a minimum. In addition we'll have the profits from the business."

"Suppose there aren't any profits?" Marge went on. "We can't miss. Listen, I know the hardware business and look how this community has grown. Everybody is a do-it-yourself handyman and there isn't a hardware outlet within easy reach. Even Mr. Kramer said he couldn't recommend a better location."

He'd need a small loan from the bank to get started. "But that's no problem," he added. "I'll stop in tomorrow."

The loan officer smiled and waved Fred to the chair by his desk. "How's everything going?"

"Good and it's going to get better," was the cheery reply. Then Fred began to unfold his plans. He showed his anticipated expenses and income. "To get started I'll need a \$12,000 inventory and \$1,500 for fixtures and equipment," he concluded.

"I see," said the loan officer, "and where will you get the money?"

The bulk of it would come from the savings account. Then Marge had some stock she planned to sell. "And Mr. Kramer said he'd give me \$1,000 to get started," Fred said proudly. "He called it a bonus for the years I've been with him."

"What does that come to?" pressed the officer.

"Well, I'll have \$9,000 of my own money and I know I can get \$3,000 credit from my suppliers. I'd like to borrow \$1,500 from the bank for the fixtures and equipment."

"Fred, you have an excellent record with us and I'm not worried about the \$1,500," the banker explained. "But when you borrow money to set up your own business we're interested in more than just being repaid. We want your business to succeed."

"You sound as though something was wrong," Fred said

"Well, for one thing, you're counting on a 10% profit although 1% is more realistic among hardware stores."

Fred replied with a modest, "Oh!"

"And that low-rent store may cost you more in lost sales than you'll ever save in expenses."

Another, weaker "Oh!" from Fred.

"With the \$1,500 from the bank and the \$3,000 from your suppliers, your credit will be stretched as tight as it will go; maybe tighter. And you won't have any cash to back it up."

Fred just gulped.

"Remember," the banker went on, "credit is a precious thing. You can only protect it by meeting your obligations promptly. Don't borrow to start this business unless you're prepared to raise the money when it's due even if the business doesn't have the cash."

Then he began to revise the figures by squeezing out

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the optimism that had inflated Fred's estimates. "Let's assume only \$40,000 in sales... boost the rent and get a better location... tack on \$500 for advertising... keep \$1,000 in cash..."

Finally he announced, "You'd be safer to start with \$15,000. With only \$1,000 of dealer credit and your own \$9,000, you'll need another \$5,000."

"Will the bank lend me that much?" asked Fred.

"Not on this basis," was the answer. "In spite of your fine personal record we have to consider that the first years of any business are always the riskiest. It takes time to get established and the balance sheet must be carefully watched. If we lent money for this venture and sales didn't meet expectations, you'd be in serious trouble with no place to turn."

"Well, it was a nice dream while it lasted," murmured Fred.

"We can still make it come true," the loan officer replied. "Your mortgage has been greatly reduced. We can recast it to give you the \$5,000 and still keep monthly payments well within your reach. In addition, it will leave your business relatively free of debt so the bank will be able to lend a helping hand if you get into a tight spot later on. And, believe me, you may find you'll need help then a lot more than you do now."

In later years Fred often admitted, "I'd have failed within the first six months if it hadn't been for the bank."

Confidence grows when nutured on truth. It may hurt, but the wound is usually temporary. When confidence is shattered it can seldom be restored.

A Friend in Need

THE loan officer laid a file of papers on the vice-president's desk. "It's about Fred Peters," he said. "Trouble."

"I thought Fred was doing well with the new store." "Nothing like that. It's personal."

The vice-president leafed quickly through the papers. "All in order. Not much left in the checking account, but he's still got his business account. The savings account's as flat as a pancake, but he hasn't touched that trust account for his son. The home improvement loan's paid off. The mortgage is in good shape. So's the business loan." He looked up suddenly. "It isn't his health, is it?"

"You're on the right track," the loan officer explained. It's his girl. She came home from school yesterday with a stomach ache that kept getting worse. They called in the doctor about midnight and he rushed her to the hospital. Emergency appendectomy."



"Good Lord! How is she?"

"Oh, she's doing fine. They caught it in time. She's sitting up in bed this morning chipper as a parakeet."

"Good. Then what's the problem?" the vice-president asked.

"Fred."

"Wait a second," the vice-president said. "Jim, I'll bet I know what's happened. It's the health insurance, isn't it?"

"You're psychic."

"When he left Kramer's Hardware Store to start his own business, he forgot the group policy. Let it lapse."

"Right," the loan officer agreed.

"And in the rush of setting up the new store he neglected to take out protection again. Or didn't want to spend the money."

"Right again." The loan officer sighed. "So now, at the moment when he's as financially extended, with minimum safety, as a man can possibly be, he's facing a three-figure emergency doctor - hospital - anesthetic - nursing-medication bill. If you ask me, Fred's the one who ought to be laid up in bed."

"At least," the vice-president remarked grimly, "his life insurance disability benefits would pay off that way." He sat there looking through the papers again.

Neither man spoke for a long moment. "You know, Jim," the vice-president said then, "this is some record Peters has built with us. His file tells quite a story. Loyalty to the bank. Willingness to take advice and stick to it. Determination to meet his obligations on time. Quite a story, indeed."

"It's a shame," the loan officer pointed out. "This man has what it takes. He's smart and honest and not afraid of hard work. With any kind of luck, he'll make a real success of that store."

"Yes, the store. Let's ask ourselves what we'd do now in his shoes," the vice-president suggested. "Close out the savings account? Raid the trust account? Close out the minimum balance checking account? Tighten up at the store? Cut down promotion, broaden markup a hair or two, stop extra services like phone orders and free delivery? Wouldn't that be about it?"

"Pretty much," the loan officer concurred. "Those would be exactly the things that might turn his new customers elsewhere."

Again the two men were silent, thinking. Finally, the vice-president closed the file and stared down at its cover. "Has he asked for help?"

"Not directly. He phoned me this morning to let me know what had happened. I imagine he was tipping me off that he might not be meeting all his payments on time for a while."

"I don't mind that as much as I mind what he'll do to his business out of sheer desperation," the vicepresident said. "I suppose he doesn't think we'd lend him another dime in his present position."

"I'm sure of it."

The vice-president handed the file back to the loan officer. "Well, he's wrong, Jim. He's a good customer and a good friend of the bank's."

"You'll okay a personal loan?"

"Any time."

The loan officer grinned broadly. "I think I'll call him now. It's August, but this year Santa Claus is coming early for Fred Peters."



In dealing with people, not all judgments should be derived from balance sheets or formulae. The human factor's a variable that must not be overlooked.

Information, Please

T Was just after lunch on a Friday. The bank was fairly crowded as Fred Peters sauntered in and made his way leisurely through the lobby to the platform, greeting friends on both sides of the tellers' wickets. Finding himself on the platform at last, he nodded to the banker seated at the desk in the corner.

"Mind if I waste a few minutes of your time?" Fred asked.

"I've never seen you waste it yet," the banker said. "What's on your mind, Fred?"

Fred sat down across the desk, easing open his jacket to make room for the faint start of a pot-belly. Aside from that, and some gray at his temples, he looked as fit as the day he'd opened his first account 20 years before.

"Things are moving along nicely for me," Fred began.
"All three stores are doing well. Here it is, barely past lunchtime, but I've started my weekend already."

"Oh, that's a sure sign of success," the banker said, smiling. "How's the family?"

"Junior started his freshman year this fall. Sis will be graduating high school next year. Marge and I are taking a month or so down in the Caribbean. One of those cruises."

"It's clear to see, Fred. You've got it made."

"Maybe," Fred agreed, "but I don't know what to do with it. I've got to decide how to handle my surplus now so that I can leave both kids a good start in life."

"They have that already," the banker pointed out. "Happy home, friendly environment. How much more do they need?"

"You know what I mean," Fred said. "That savings account of mine is just sitting there collecting interest. I'm not complaining, but I can't help hearing things, investments that pay a lot more. Stocks, bonds, mutual funds. Harry Filmer's trying to interest me in this new-fangled real estate syndication thing."

"Those are some fairly popular investments. If you want specific advice, I'll be happy to-."

"But then," Fred interrupted, "there's the business. Maybe the cash should be used to enlarge even more, buy out other stores, expand."

"That's another kind of investment, true enough."

"On top of that, my old boss, Sam Kramer, wants to merge with me. It would make a whale of a chain: his two big stores and my three little ones."

"Sam knows a good thing when he sees it."

"Then again," Fred went on, "that lawn seed mixture of ours is catching on. Maybe I should produce it on a big scale, market it by mail, sell wholesale to other stores around the country."

"Or maybe," the banker mused, "you should do a little bit of everything."



"That's what I want to talk about," Fred said. "It's taken me a lot of work to get this far. Now that I'm here, I don't know where to go. If anybody does, maybe you do, here at the bank."

"You came to the right place, Fred, but if you want us to help, you'll have to start this process from scratch, not with ways to invest, but with goals you want to reach."

"Such as?"

"Well," the banker said, "they're your goals. You'll have to set them. For instance, how much money do you want to make available to your children? When? All at once or gradually? And what will you reserve for your own retirement? When will that be? Questions like that have to be answered, Fred, but you may not be able to right now. You're a young man, still. What are you, 44?"

"On the nose."

"If you can give me a few answers to those questions, then you've picked a good time to start planning your estate. You've got 20 more earning years, at the least, unless you decide to retire sooner. In that time, starting from the position you're now in, you should be able to amass a really significant estate . . . if you invest prudently."

"I intend to," Fred assured him, "with your help, that is. But while we're planning this thing, don't let's forget to leave a little margin for a Caribbean cruise now and then."

Some people not only lack an answer—they don't even have the question. Helping them frame their question can be better than tossing them answers.

(CONTINUED ON PAGE 56)



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The Full Circle



two men named Fred Peters walked into the bank. Fred Senior had an excited look on his face, as if he were about to experience a pleasant surprise. Fred Junior, half a head taller than his father, seemed faintly puzzled, but determined to humor the older man.

They stopped for a moment inside the entrance while Fred Senior took a long, slow look around him. "I remember the day I first walked in here," he said then. "Sort of undecided and more than a little scared."

"How old was I?" Junior asked.

"You?" His father chuckled. "Minus two, I'd say."

"That long ago?"

"Almost a quarter of a century," Fred mused. "It doesn't seem that long."

"Why were you scared, Dad? What's there to be frightened of?"

The older man thought for a moment. "Sheer ignorance, I guess," he said then. "What I didn't know about banks and banking would have filled a shelf of books. It's odd, but when a thing's unknown, it has the power to frighten you. I was sure people at the bank would turn me away or show up my ignorance or something disastrous like that. When the other man knows all the answers, it's easy enough for him to lord it over you. But that never happened. Not once in almost 25 years."

Junior looked about him. "Seems like a friendly enough place. The times I've been here they've treated me all right."

"That," Fred said with a pardonable touch of selfesteem, "is because I broke you in right. Or else they broke me in right. I'm never sure. But it's been quite a partnership down through the years."

Junior's faint look of bewilderment deepened. "What partnership is that, Dad?"

Fred gestured sweepingly. "The bank and me."

"I didn't know that. I thought you'd stuck pretty much to hardware."

Fred gave his son and heir a pained look. "I meant figuratively, professor. Why, right from the beginning we were partners. They safeguarded my money. They set up my checking account. They helped me buy our first car and pay for the doctor that introduced you to me. They put up the money for the house and they would've paid for the furnishings too if I hadn't been dumb enough to think I could do better elsewhere."

"Okay, they loaned you money. That's what a bank's for, isn't it?"

"Are you sure you want to go on for that law degree?" Fred asked with mock solicitude. "They don't seem to have done a tremendous job with you the first four years."

"All right, Dad. What else did the bank do for you?"

"For us, Junior, for us. They made our vacations possible for many years. They showed me how to finance your college, too. They even had the daring to open an account for you alone, brave souls. And the modernization of the house. And the wherewithal to start my own business and keep it going. Yes, and the money for Sis's operation, when I didn't have a nickel's worth of credit, just because they liked the smile on my face."

"I see what you mean," Junior admitted.

"I'm not even finished. Think of the convenience over the years of paying by check. Think of the security of a safe deposit box. Think of interest growing on savings. Of advice when I need it, and good advice, too. Of their word, vouching for my credit rating. Their research people checking the soundness of business propositions I wanted to investigate. Their investment people helping me put together the start of an estate. And, to top it off neatly, a friendly smile whenever I walked in, whatever I wanted done."

"It sounds," Junior said then, "like the kind of partner I'll be needing in a few years when I hang out my shingle."

Fred banged his son on the shoulder and pointed him toward the platform of the bank. "That's why I brought you down here today," he said. "I want to take you around and introduce you to your future partners."

"Well, what are we waiting for?" Junior asked. "Let's get going."

The parade of life never passes those who march with it. It only passes the bystanders. Bankers belong in the ranks and not in the reviewing stand.

How many will you promote?

Christmas Club is the kindergarten of banking—and has been for fifty years. In that half century, millions of members have graduated to a better understanding of banking and have learned to use the other services their financial institutions provide.

This foundation of basic training prevents people from stumbling through blind alleys into financial frustration.

It stimulates an interest in "paid for" Christmas giving.

It builds individual initiative in planning for future financial security.

It awakens the mind to hidden talents that can be realized through banking services.

It gives people an opportunity to become better acquainted with banking functions.

We hope you will accept the challenge to promote dynamic thrift programs to these "kindergarten students" in banking. Christmas Club can bring people to your door, but only you can make it the door of opportunity.

Educational programs in the management of money will help the individual to control his financial problems. Financial institutions have the facilities to promote such programs. Christmas Club members have proven themselves receptive to suggestions that will raise their standard of living. Those who are ready to undertake larger goals will graduate to classes you offer in other services.

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A banker talks about

Microfilming Protection Against Disaster*

By P. L. Jones Vice President and Cashier Mahoning National Bank Youngstown, Ohio

"If a disaster, from any cause, destroyed the records of your bank tomorrow, could you be back in business with a minimum of delay?" At Mahoning National Bank we feel we can answer that question with a confident "yes." ite

More than a year ago, we recognized the need of a system which would make it possible to reconstruct our records in event of disaster. Banks have a quasipublic responsibility in safeguarding the funds entrusted to their care by the public, and it is the bank's responsibility to protect the public interest in every way possible.

Disaster Program

With this thought in mind, we set up a vital records security program which would cover our depositors and shareholders in the event of disaster. Not only does it protect them month by month, but we can get back in business within 24 hours following a disaster. Accounts can be reconstructed from debits and credits and the previous balance, which have been recorded on microfilm.

Our program is based upon the use of microfilm, photographing daily a variety of items, and is quite similar to the program outlined by the A.B.A. Advisory Commission on Bank Preparedness. Al-

^{*}Reprint of article which appeared in leading banking publications

protection of vital records

though our program was planned before the Advisory Commission report was published, the details could be identified with the recommendations in this report.

Why microfilm items daily instead of once a month? Actually, it is our opinion, and the opinion of many authorities in banking, that monthly microfilming of items is worthless as a security procedure. At the end of the first full day of transactions following the microfilming, the records no longer reflect the true status of the bank.

Microfilm Best Method

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Microfilm seemed to offer the best method of using our present Recordak equipment to institute such a program. Duplicate rolls are prepared at the time of filming the documents and other media, one roll for storage in a security location out of the state and the other for on-premise record.

In our main office, on Central Square in Youngstown, Ohio, a regular routine is followed to assure us that all items of security value have been placed on film each day. Our transit department films all transit items. This operation includes the first filming of "on us" items, since the posting of these items is delayed until the following day. In addition, this department also microfilms all clearing house items and daily U.S. Savings Bond activity

In our consumer loan department, all new notes and ledger cards are filmed daily, including payments received and other reference material. In addition, ledger cards are photographed after each trial balance.

Our daily microfilming extends to the

commercial checking accounts, where all "on us" checks and deposits are photographed after posting. The ledger cards are microfilmed once each month, after trial balance. Trial balances are run weekly and filming rotated. Our commercial ledgers are centralized for all offices.

Films of Notes, Loans

Duplicate rolls of film are used daily in our loan and discount department for new notes and ledger cards, daily credits and other changes in the liability ledgers. This department also handles mortgage loans, and films its entire list of ledger cards semi-annually, in addition to the daily activity.

Other daily microfilm schedules include the savings department where posted cards, debits and credits for each day are recorded on film. The trust department photographs all security records, ledgers and credits daily, and the accounting department films general ledger transactions daily.

In our branch offices, a similar schedule is followed. Daily reference microfilming includes the following items: (1) "on

us"; (2) mail to correspondents and the Federal Reserve Bank; (3) clearing house items; (4) commercial deposit tickets. This work is photographed in routine order daily, and placed on a single roll of film.

Loans, savings, general ledger and other records are daily microfilmed on the same basis as the departments in the main office.

Discharge Responsibility

If it sounds as though we take unnecessary pains with our program, we here at Mahoning nevertheless feel it only right to protect the funds and records entrusted to our keeping by the public. In other words, we microfilm all the records we can't afford to lose. Through the use of our microfilming equipment, not only are we in the bank assured that we are safeguarded against any emergency or disaster, but . . . our customers know it, too.

It is the opinion of our management that we have discharged our responsibility to country, community and customer by protecting their records.



How about your bank? Are you microfilming all the records you can't afford to lose? Chances are you can set up your own vital record security program with your present equipment. We, at Recordak, will be glad to answer any questions you may have and help you get your program started.

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IN CANADA, contact Recordak of Canada Ltd., Toronto

Canada Faces Capital Shortage

YANADA's national parliament resumed its sessions in mid-January with the usual statement by the government of some of its legislative plans. On this occasion, however, the statement was rather vague, notably in respect to national defense, and leaving other policies open to serious and prolonged debates. In any event, what is said by authorities outside Parliament is always the most important, particularly when Canada has turned from the Fitful Fifties into the Fateful Sixties, in which this country faces, with all free nations. the economic challenge of the communist powers.

Private and official economists believe that the strong economic recovery of Canada from the recent recession will continue throughout most of the current year and perhaps into 1961, but the writer would add that such further progress is conditional upon general economic conditions in the United States.

Fleming Outlines Year's Expectations

In a recent public address Canada's Minister of Finance Donald Fleming quite frankly outlined what might be expected this year. While warning that booms founded upon inflation are not the basis for prosperity, Mr. Fleming rejected the view that Canada in the coming year will have to cut back development sharply.

"It would appear," he said, "that a production increase of substantial magnitude can occur in 1960 without placing excessive pressure on plant and manpower capacities. If the Canadian economy is to continue to absorb capital on the same scale [as recently], we must have either a still higher rate of domestic saving or a continued high rate of importation of capital."

Domestically, he said, the government for 1960 will continue to encourage the creation of more Canadian capital, giving saving en-

couragement a high position on the government's list of priorities. "Unless Canada generates far more capital than at present it will continue to need capital from abroad, unless we are prepared to be content with a much slower rate of development of our resources. The Canadian government will continue to maintain a climate hospitable to investment of capital from abroad."

The Minister has revealed preliminary estimates of expenditures for the government's next fiscal vear starting April 1, in which he expects to balance the national budget. Controllable expenditures are estimated to drop by more than \$150,000,000, with the heaviest cut in national defense, resulting from as yet incomplete reorganization of the armed forces equipment and deployment, mainly in line with the new American strategy and so putting greater emphasis on nuclear weapons. However, defense estimates for Canada, while the smallest in the last decade, will exceed \$1.5billion, and probably will rise in 1961 when the Government's defense program takes final form.

Other reductions were effected in the estimates for certain other departments without, according to the Minister, any decrease in essential public services.

Both Estimates and Revenues Are Up

Increases were shown in some estimates, by far the largest being one of over \$175,000,000, mostly for higher interest charges to service the national debt. It should also be noted that the anticipated balanced budget would follow three preceding deficits amounting in all to about \$1-billion. Government revenues are currently above expectations and should continue so, if the present buoyancy in the national economy lasts through the next fiscal year. The government has firmly decided to let the free market determine the value of the Canadian dollar in relation to the U. S. dollar, even though the premium on the first-mentioned currency handicaps exports and encourages imports. The government could take several courses to restore exchange parity, but any one would mean reimposition of controls involving considerable expenditures and the risk of a loss of confidence by outside investors in the future of the Canadian economy.

Guide Prepared For New Political Parties

Government control over every phase of the Canadian economy and a redistribution of wealth through a revision of the tax system are major points outlined in a guide prepared for those interested in forming a new political party under the Co-operative Commonwealth Federation and the Canadian Labor Congress. The philosophy behind the guide indicates that the party planners would curb operations of big corporations, control investment, and pay for an all-embracing, extensive social security program by heavier levies on corporations and individuals. The combination of the Federation and Labor Congress (the latter, with a membership of over a million, is the Canadian counterpart of the AFL-CIO) is loosely knit as vet. Indeed, there is some doubt as to whether it can ever be successful as a strong political machine. In its present form it results from efforts of the Federation to rebuild its structure after suffering almost complete defeat in the national election of 1958, while the Congress desires some strong political support like that of the British Labor party. It should be emphasized that the new joint program does not go anything like as far as one framed about 25 years ago by the Federation advocating out and out socialism with public ownership of natural resources, the major forms of production and trade, and the banking sys-



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Through one of the world's larger banks, any U. S. banker can be in quick touch with local conditions in almost any Canadian village, as well as with every major city in our country. Our more than 800 branches are located from ocean to ocean—from St. John's, Newfoundland, northwest to Inuvik in the high Arctic—the northernmost bank in the New World—and west to Port Alberni, on Vancouver Island.

Whether it occupies the tallest building in the British Commonwealth, or a trailer in a new oil field or mining settlement, each of our offices is staffed to assure prompt, dependable banking services. You are invited to make use of our information facilities for the benefit of your own customers. Write to our Business Development Division—Head Office: Toronto, Canada.

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FRED AND MARGE—AND THE A.B. A.

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62

in o your bank's new-business picture

Fred and Marge are a typical American couple. Read their story in this issue of BANKING (page 45).

Money matters play a big part in their lives—and to play an ever-bigger part in helping all the Freds and Marges with their money matters is a chief concern of banks everywhere.

Family banking services, such as savings accounts, will receive top promotional emphasis in 1960, according to the A.B.A. Advertising Department survey of commercial bank advertising plans (also in this issue, page 68).

What is the A.B.A. doing currently to help banks expand their role in the family-finances field?

Take banker meetings alone. February saw a well-attended Mid-Winter Trust Conference held in New York and a Second Regional Mortgage Workshop Meeting in San Francisco. This month will see the 57th Annual Savings and Mortgage Conference (March 7-9) in New York and an Instalment Credit Conference (March 21-23) in Chicago.

Such meetings, as most bankers know, are invaluable clearinghouses of ideas and information on the development, and servicing, of family-oriented bank business.

And meetings are just one aspect of "your Association at work for you." For full coverage of the complete picture, read BANKING—every month!

Largest paid circulation of any publication in the banking field

BANKING

Journal of the American Bankers Association
This is one of a series highlighting a few of the many activities of the American Bankers Association.

CONSIDERING A NEW VAULT ENTRANCE

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A division of DIEBOLD, INCORPORATED

- ELECTRO-HYDRAULIC OPERATION WITH PUSHBUTTON CONTROL. In the event of power failure, the decorative triplex handle can be used to operate the door manually.
- FLOOR LEVEL THRESHOLD ... NO FOOT BRIDGE. No back-breaking lifting of a foot bridge. No tripping hazards.
- INTERLOCKING VESTIBULE AN-CHORS ENTRANCE TO MASONRY.
 The vault entrance, so installed, may be expected to withstand even an atomic blast.
- RESISTANCE TO CARBIDE-TIPPED DRILLS. New CHI-TEN metal protects combination locks and time lock from drill attack.

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- RESISTANCE TO OXY-ACETYLENE TORCH, Torch resisting TX 3 metal and a solid plate of 99% pure electrolytic copper protects combination lock and time lock from torch attack.
- HOLDUP PROTECTION. Silent signal alarm is of great importance in the event of an early morning holdup attack.
- HOLDUP LOCK. Prevents bank personnel from being locked in the vault inadvertently or in connection with a holdup.
- DUAL CONTROL DIAL OPERATES TWO COMBINATION LOCKS. Patented push-pull dial, set in the center bronze cone of the triplex handle, selectively operates the two combination locks.
- BEAUTY THAT INSPIRES CUS-TOMER CONFIDENCE. All mechanism is concealed. All exterior surfaces are satin-tinish stainless steel embellished with bronze.

FREE ON REQUEST

Elaborate presentation brochure in full color showing variety of available architraves, specifications and other pertinent details.

Business Building Bulletin

MARCH 1960

IDEAS AT WORK

TV Stars Sell Savings in Lively Ad Series

ROUCHO MARX, Rosemary Clooney, Red Skelton, and George Gobel are selling savings for Bank of America N.T. & S.A.—and as you can readily imagine, they're doing it in their own inimitable styles.

We've seen four ads for the weekly and metropolitan newspaper series. Each features a large, informal head-and-shoulder shot of the star. followed by a lively dialogue between the bank and the individual.

One of the B of A ads



Mr. Red Skelton pantomimes one of life's supreme satisfactions

Us: Er Mr. Skelton

Skelton: Acting? Who's acting?

The Ideas section of the Business Building Bulletin is by JOHN L. COOLEY.

Here's the copy in the Marx ad: Groucho Marx Says: "The secret word is . . ."

Us: Saving!

Groucho: Reading my mind, eh? Do your parents know you read that sort of thing?

Us: We've always known the secret, Mr. Marx. We're the Bank of Amer-

Groucho: Got all the answers, huh? Well, give me fifty reasons why I should save at Bank of America.

Us: Well, actually, there are fiftynine-the fifty-nine services available to every Bank of America depositor.

Groucho: Impress me some more. Us. That means with your savings deposited at Bank of America, you can count on help with all your financial transactions-from setting up a trust fund to cashing a check, from managing your securities to . . .

Groucho. May I suggest a sixtieth service?

Us. What's that, Mr. Marx? Groucho: Help my wife balance her checkbook.

Miss Clooney, at a mike and holding a bankbook, says: "Here's where I record my favorite numbers." And Mr. Gobel exhorts: "Save money . . . someday it's going to be valuable."

Mink Checkbooks Get Attention in Ohio

JIRST National Bank of Mansfield. Pohio, offered mink-covered checkbooks for "Your Lady of Distinction."

Although the sale was "not overwhelming," says the bank, "the



Something new in Milady's check book

program created considerable comment" and new accounts showed "a very satisfactory increase" during the month of the promotion.

The mink covers, designed by a local furrier, weren't expensive, the First reports. Newspaper ads and window displays publicized the idea, which Assistant Vice-president W. A. Stroud recommends as "a surefire attention getter."

The President Talks to the Staff

LINCOLN Rochester Trust Company, of Rochester, N. Y., a pioneer in preparing annual reports for the staff, offers several interesting features in the 1959 booklet.

President John W. Remington's visit-in-print with the employees includes a "Progress in Figures" section which itemizes and explains the bank's earnings, expenditures, net operating profit, tax reserve, payments in dividends, and the addition to reserves and undivided profits. In a 2-page spread the statement of condition is broken down, with explanation of the ac-

************** This Time It's a County Fair

THE Philadelphia Saving Fund Society carries on its tradition of novel annual reports by publishing a document for 1959 that escorts the 856,699 depositors on a trip around a county fair-which, of course, is the bank.

Printed in bright colors and liberally illustrated with cartoon drawings, the report shows the reader the fair's various exhibits, each of which is a PSFS service. A 2-page display of coupon savings plans is followed by the Convenience Accounts Building housing "many of the pleasant ways in which you can help yourself to better living through steady savings . . ." Christmas Club and Vacation Club have exhibits, too.

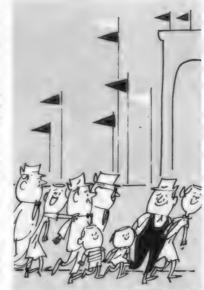
Then the reader moves to the Fairgrounds Stadium "for the biggest show of all, the Fair's annual PSFS Pageant, supervised by the PSFS Board of Managers," whose responsibility is the investment of the depositors' funds. The Pageant is a panorama of the work these dollars do, pictured as a "Parade of Homes" (mortgages), and a procession of the schools, parks, bridges, etc., the bank's investments

counts - "a financial snapshot" of

The report's back cover featured staff

candid shots, too

reported.



help finance. Business and industry are represented, too.

The sample page herewith shows folks on the way to the big show.

Mr. Remington is president of the American Bankers Association.

the company at the yearend. Staff changes, employee accomplishments at several schools, new services, and New Business from other highlights of the year are also **Furniture Movers**

THE furniture mover has a key to new business for banks. Maybe he's helping you. Anyway, here's how Trust Company of Georgia, Atlanta, uses him to good advantage:

When a householder picks a large national van concern he signs an order, of which there are several copies. One, reports Ashton J. Albert, assistant vice-president of this bank, is sent to the mover's office in

Trust Company of Georgia contacted the manager of each national mover in Atlanta and suburbs, asking them to pass along information about prospective new residents. The bank provides a simple form which the company's secretary or billing clerk is asked to fill out and return in a stamped envelope. The form gives the individual's name, his old and new address, and, if available, the name of his employer.

The bank's next step is to contact the prospect at his job. A new business representative calls at his firm's Atlanta office to see whether Mr. X is in town; usually he comes ahead of the family and the furniture. This procedure often opens the door to a banking connection for the new comer. If the bank can't reach the man himself it talks to someone in his new office.

TC of G's public relations department, says Mr. Albert, gets daily reports from the moving companies and assigns prospect calls promptly.

The bank reciprocates by providing the van lines with leads on its customers who plan to move. It offers loans to the new arrivals to pay their moving costs.

Also, the secretaries in the moving company offices get boxes of candy now and then, and the office managers are invited to lunch at the bank. Those little attentions help.

Bank Pictures Area's Economic Profile

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THE Fairfield County Trust Com-I pany, with headquarters in Stamford, Conn., is publishing a series of advertisements that dramatize what President Harold E. Rider calls the "economic profile" of the county.

Each ad points up the economic

East River Savings Bank, New York, displayed in its five offices valentines of long ago, chosen from the Norcross historical collection. The exhibit was a feature of the bank's "Customer Appreciation Time." Special souvenirs, including chocolate kisses, were also distributed







"Press Conference" for the Staff

Ir your bank publishes an annual report to the employees, here's an idea with that often elusive "different" touch.

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National Bank of Detroit's staff magazine Enbeedee published in its January number a "press conference" with the chairman, Donald F. Valley, and the president, Henry T. Bodman. It's in interview form, a medium that permits conversational comment on facts and figures about the bank's work during the previous year, in this case, of course, 1959.

The questions and answers are arranged in several categories: financial report, expenditures, marketing division, branch system, new main office, personnel, shareholders, and general. Messrs. Valley and Bodman share the answering. Here's a sample:

Q. Just what were the total net operating earnings?

A. \$16,316,857, which is an increase of \$1,197,000 over last year.

Q. Are you pleased with these figures?

A. We certainly are because they indicate very satisfactory progress for the bank, especially when you

consider the costs involved in moving into our new building and the higher interest rates we paid on regular savings and time savings certificates. NBD paid \$3,503,087 more in interest last year than it did the previous year.

Q. Is our TV news program producing the desired results?

A. Viewers' interest is high, and our commercials are bringing in an excellent response. . . .

Q. How is automation affecting the bank? Will it cost anyone his job?

A. The bank, naturally, is going to make use of automation whenever it can. In the Instaloan Bookkeeping Department we went into IBM equipment and not one person lost his job. Many were transferred to other departments, and some, who left the bank to get married or for other reasons, were not replaced.

(Readers of the interview who have unanswered questions are invited to fill in an accompanying coupon. They receive direct answers to their questions about the bank.)

importance of the area by comparing certain statistics with those of one or more states. The series, which is to run in regional newspapers over a 4-month period, says collectively that:

If the county were a state it would top Montana in total annual retail sales, Rhode Island in annual buying income, New Hampshire in population, Vermont and North Dakota combined in sales of food, and Utah in furniture and appliance sales. Also, it would match New Mexico in lumber and building sales, Nevada in gas and oil sales, South Dakota in auto sales.

In addition to the substantiating figures, copy says the county not only ranks No. 2 in the U. S. in per family buying income, but also is "a national leader in many other indicators of dynamic development." Amid this expansion the bank "devotes home-town attention to all area banking needs, large or small, through industrial financing, small business support, and complete personal banking and trust services..."

Bank Speakers Bureau Makes Timely Talks

A^T Georgia Railroad Bank & Trust Company, Augusta, there's a speakers bureau serving not only local civic organizations but correspondent banks.

The bureau was carefully organized. First, an Augusta minister,

Dr. R. J. Robinson, conducted a 15-week course in public speaking for a selected group of bank officers and senior clerks. There were strict rules for attendance, class participation and home work. When the lessons were over, each class member prepared and delivered a speech, and seven men were selected as the first speakers bureau.

The bank published a booklet, "A Speaker for You," outlining the talks and picturing the speakers.

D. Douglas Barnard, Jr., assistant vice-president, estimates that 15% of the engagements have been to out-of-town groups in the trade area. The correspondent banks have used

the service in their communities.

The subjects are varied: "Be an Asset to Your Employer," Harold L. Martin, assistant cashier; "Your Credit - Boon or Bane?," T. P. Vaughan, instalment loan department; "Why You Can Have Confidence in a Growing America," Charles B. Presley, vice-president; "Property Rights: Sacred or Selfish?," Roy Piper, personnel department; "Our Friends the Ladies," Barney B. Whitaker, assistant cashier: "Bank Credit-a Moving Economic Force," Mr. Barnard; "Do Not Make the Same Mistake Twice," Richard Karraker, assistant trust officer.



This outdoor poster of Mellon National Bank and Trust Company, Pittsburgh, won a first place award in an exhibit of the Art Directors Society of Pittsburgh. Josh Horton, Mellon's advertising manager, says the modern execution of old cliches used in the series attracted wide attention: "The average viewer does a mental double take on seeing them for the first time, and thus the image of our bank is quickly and firmly impressed on his mind." Artist is Tony Saris of Mellon's agency, Fuller & Smith & Ross

1960 Bank Ad Budgets Up 20%

Family Services Get Main Emphasis

G. EDWIN HEMING

Manager, Advertising Department, American Bankers Association

ommercial banks are planning to spend \$172,000,000 on advertising this year—an increase of more than 20% over 1959—according to estimates made by the A.B.A. Advertising Department, based on its 15th annual survey just completed. This is a continuation of the upward trend in bank advertising expenditures during the past decade.

Last year, after studying previous A.B.A. surveys, the author made the observation that commercial bank advertising expenditures had doubled every five years since 1946. He also predicted that, at that rate, the annual total was likely to reach \$175,000,000 by 1961. Now, with banks having come within \$3,000,000 of that goal, it seems perfectly reasonable to expect that the 1961 total will top \$200,000,000.

As the accompanying tables disclose, the average amount to be spent in practically every deposit category shown exceeds the averages of a year ago. The only exceptions are in the \$4,000,000 to \$5,000,000, the \$10,-000,000 to \$20,000,000, and the \$400,000,000 to \$500,000,000 deposit classifications, where averages dropped slightly. Better than 35% of the reporting banks plan to spend more than was spent in 1959; slightly more than 57% expect to spend about the same as last year; while fewer than 71/2% estimate that they will spend less than they did a year

How Your Bank Can Employ These Findings

No other bank's advertising budget is likely to fit your bank's situation any better than the suit of one man weighing 180 pounds would fit every man weighing 180 pounds. The cloth must be individually cut and tailored. Therefore, it would be a mistake to take either the average, or even the maximum, amount shown in the charts for banks in your deposit classification, blindly adopting that amount as your bank's advertising budget. Furthermore, deposit size is but one factor for a bank to take into consideration in planning an advertising budget. Any two banks in the same deposit classification are likely to have very different competitive situations and very different new-business objectives.

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How Big a Budget? What Basis?

How big, then, should the advertising budget be? Should it be a percentage of deposits? Of profits? Of capital and surplus? Here is what the A.B.A.'s Public Relations booklet entitled Your Bank's Advertising—How to Make It Pay has to say about planning the advertising budget:

"Actually, no acceptable slide-rule method of fixing a bank advertising budget has yet been developed. Only a handful of banks, in the A.B.A. national surveys, say that they use a percentage method. The most used, and the most sensible, method is to base the appropriation on the job to be done. First, set your objectives, then work out your planned program to achieve those objectives. Figure the total cost and get an appropriation as close to it as possible."

Once you have reduced your thinking to concrete terms by putting the plan and the cost in writing, you can use the findings of A.B.A. advertising surveys to support your recommendations. Not, of course, by quoting the average expenditures for banks in your deposit group—which, after all, represent merely trends—but by selecting an amount from the "range of expenditures" shown in

1960 Advertising Expenditures All Commercial Banks in the U.S.

Deposits	Number of Banks Contacted	Number Question- naires Returned	Maximum 1960 Expenditure (for banks listing same)	1960 Average Expendi- ture (for banks listing same)	1959	1956	1953	1950	1947
Under									
\$1-mil.	2,189	165	\$ 5,500	\$710	\$562	\$534	\$557	\$410	\$285
\$1-to \$5-mil.	7,128	1,431	25,000	1,937	1,780	1,502	1,235	900	760
\$5-to	8 9 8 200	1,701	20,000	1,001	1,100	1,002	1,aQU	300	100
\$10-mil.	2,372	723	30,000	5,225	4,730	4,077	3,471	2,600	2,160
\$10-to	1 400	*00	*0.000	11 717	11 000	0.704	7 400	F 070	F 090
\$25-mil. \$25-to	1,489	520	50,000	11,717	11,367	9,794	7,498	5,970	5,030
\$75-mil.	607	201	100,000	30,690	29,304	28,859	20,015	16,020	15,390
Over \$75-mil.	351	144	5,000,000	275,828	259,192	103,773	86,410	56,750	62,750
Received after closing TOTALS	14,136	8	21,000	9,969					
TOTALS	14,130	3,192							
		1,023 ban 217 " 1,660 "	ks plan to sp	end MORE " LESS " SAME	in 1960 " "	(35.28%) (7.48%) (57.24%)			

Based on this survey, the Advertising Department estimates total advertising expenditures for all commercial banks in U.S. for 1960 to be about \$172,000,000.

2,900 banks answering this question.

the table on page 70 which comes nearest to your own estimated figure.

What Is the Major Advertising Job for 1960?

It is not surprising to find that many banks place the building of savings deposits in the number 1 position this year as the major theme for bank advertising. The heavy demand for loans, with the resulting necessity for increased deposits to replenish the supply of loanable funds, as well as the highly competitive situation between banks and other financial institutions for the savings dollar-all point up the motivation behind the trend toward stepped-up bank savings promotion in 1960. Forty-five percent of the reporting banks said that they would exert most of their advertising efforts in this direction. This is how some of the bankers expressed their reasons for doing so:

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"We plan to sell savings and thrift aggressively in order to increase deposits and bring our present loan/ deposit ratio more in line with what we think it should be."

"More emphasis on savings, less on borrowing; we feel people do not save as much as they should and are inclined to go into debt too much."

"We plan to preach thrift to induce more farmers to build up their personal equity in the farming operation."

Thirty-two percent of the replies indicate that there also is strong feeling for advertising emphasis on selling the bank as the supermarket for all financial services while, at the same time, featuring the advantages of various individual services. These are comments from bankers who said this was the major job for the coming year:

"Advertise and demonstrate the superior service which can be provided by a fully rounded bank in contrast to more specialized types of institutions."

"Sell the bank as the financial center for all financial needs."

Twenty-three percent of the replies fell in still another principal category. These bankers felt that emphasis should be on educational and informative advertising. Here are excerpts from these replies:

"Inform the public that climbing interest rates are not caused by the the desire of bankers to get rich."
"Make the public conscious of our

enormous Government debt and the necessity for economy in future spending; reduce the debt; get the Government out of business."

"Keep customers informed as to the dangers of more inflation and the need to keep the dollar sound."

"Give the public more education and help on handling money matters."

Some answers did not lend themselves specifically to any of the foregoing general classifications. Here are a few of these replies:

"Most important job in 1960 is to devise new means to stretch our advertising dollars to help overcome increasing costs of both media and production."

"We should encourage young people to use the facilities offered by banks."

"Make what we are more like what we say we are in our advertising."

"Point up the human side of banking and show that a bank is eager to solve problems for its customers."

What Bank Services Will Receive Greatest Emphasis?

Savings, of course, leads the list, as shown in the accompanying emphasis table. The order of the listing is based on the number of banks reporting that they would give first, second or third emphasis to that particular service. Checking accounts are a close second, thus bearing out the plans of the majority of banks to concentrate this year on building deposits. Changes in the

list, as compared with last year's listing, are significant and worth noting.

Where Will These Services Be Advertised?

In the 1960 survey, banks said that they would use the following media:

	Number of Banks
Media	Reporting
Newspapers	2,903
Posters (lobby an	d
window)	2,771
Direct advertising	
(folders, inserts	3,
booklets)	2,156
Calendars	2,077
Radio	1,481
Specialties	1,379
Outdoor billboard	s 922
Movie trailers	470
TV	348
Magazines	171
Bus and car cards	161

Media preferences of banks have remained practically constant for the past six years.

Thanks to the Banks

The current survey on which this report is based was made by mail. A total of 3,192 banks took the time to fill out the questionnaire and return it. This high return, from banks in every deposit category, is appreciated by the A.B.A. Advertising Department, whose staff members wish to express thanks to all who cooperated in this endeavor.

Emphasis Table

Figures Given Indicate Total Number of Banks Which Will Give First, Second, or Third Emphasis to That Particular Service

1960	Number				POSI	TION-			
Service	Mentions	1960	1959	1958	1957	1956	1955	1954	1953
Savings	2,336	1	1	1	1	1	1	1	1
Regular checking	2,092	2	2	2/	2	2	2	2	2
Auto loans	1,284	3	3	3	3	3	3	3	3
Personal loans	472	4	4	5	5	5	4	4	4
Bank-by-mail	461	5	5	4	4	4	7	5	7
Institutional	394	6	8	6	11	9	9	11	11
Special checking	347	7	10	7	6	10	12	9	9
Farm production loans	309	8	6	8	8	6	6	7	6
Repair loans	299	9	9	9	9	8	8	8	8
Mortgage loans	246	10	7	10	10	7	5	6	5
Drive-in	244	11	12	12	15			_	
Safe deposit	212	12	11	11	7	11	10	10	10
Trust service	137	13	14	13	14	14	15	15	14
Pusiness loans	123	14	15	15	12	13	13	12	12
Farm equipment loans	116	15	13	14	13	12	11	13	13
Home appliance loans	103	16	16	16	16	15	14	14	15
Free parking	99	17	17	18	18	_	_		_
Educational	64	18	18	17	20	17	17	17	17
Night depository	52	19	19	20	19				_
Life insurance	29	20	20	19	17	16	16	16	16
Correspondent banking	7	21	22	21	21	-	-	_	

THE BREAKDOWN OF ADVERTISING

DEPOSITS	NUMBER REPLIES LISTING EXPEND.	AMOUNT SPENT	AVERAGE EACH BANK	RANGE OF EXPENDI- TURES	DETAIL OF RANGE
Under \$1-million	133	\$ 94,480	\$ 710	\$50 to \$10,000	1 bank \$50; 6 banks \$100; 22 banks \$130 to \$250; 24 banks \$300 to \$350; 17 banks \$400 to \$450; 16 banks \$500; 14 banks \$550 to \$750; 6 banks \$800 to \$900; 14 banks \$1,000; 7 banks \$1,300 to \$2,400; 1 bank \$2,500; 3 banks \$4,000 to \$4,800; 1 bank \$5,500; 1 bank \$10,000.
\$1-to \$2-million	392	413,607	1,055	\$50 to \$18,000	2 banks under \$100; 5 banks \$100; 23 banks \$150 to \$250; 46 banks \$300 to \$450; 62 banks \$500; 49 banks \$525 to \$700; 55 banks \$750 to \$900; 42 banks \$1,000; 30 banks \$1,100 to \$1,400; 26 banks \$1,500; 23 banks \$1,700 to \$2,400; 10 banks \$2,500; 23 banks \$2,200 to \$2,400; 10 banks \$2,500; 9 banks \$2,600 to \$3,800; 3 banks \$5,000; 1 bank \$6,000; 1 bank \$7,000; 1 bank \$7,500; 1 bank \$11,250; 1 bank \$18,000.
\$2-to \$3-million	360	641,205	1,781	\$100 to \$25,000	4 banks under \$300; 17 banks \$300 to \$400; 29 banks \$500; 24 banks \$600 to \$750; 18 banks \$800 to \$950; 56 banks \$1,000; 32 banks \$1,030 to \$1,400 46 banks \$1,500; 54 banks \$1,600 to \$2,000; 11 banks \$2,100 to \$2,400; 19 banks \$2,500; 21 banks \$2,700 to \$3,950; 15 banks \$4,000 to \$4,800; 5 banks \$5,000; 4 banks \$5,500 to \$7,000; 1 bank \$9,000; 2 banks \$10,000; 1 bank \$15,000; 1 bank \$25,000.
\$3-to \$4-million	302	730,270	2,418	\$200 to \$12,000	8 banks under \$500; 7 banks \$500; 23 banks \$550 to \$950; 24 banks \$1,000; 52 banks \$1,200 to \$1,500; 16 banks \$1,600 to \$1,800; 38 banks \$2,000 to \$3,400; 25 banks \$2,500; 35 banks \$2,700 to \$3,000; 25 banks \$3,100 to \$3,700; 15 banks \$4,000 to \$4,500; 7 banks \$5,000; 12 banks \$5,200 to \$7,000; 1 bank \$7,500; 1 bank \$8,400; 4 banks \$10,000; 1 bank \$12,000.
\$4-to \$5-million	226	694,525	3,073	\$50 to \$25,000	6 banks under \$500; 6 banks \$500; 7 banks \$700 to \$900; 16 banks \$1,000 36 banks \$1,200 to \$1,800; 26 banks \$2,000 to \$2,400; 26 banks \$2,500 18 banks \$2,800 to \$3,300; 44 banks \$3,500 to \$4,800; 18 banks \$5,000 14 banks \$5,100 to \$6,500; 1 bank \$7,500; 3 banks \$8,000; 1 bank \$9,000 2 banks \$10,000; 1 bank \$12,000; 1 bank \$25,000.
\$5-to \$6-million	194	759,700	3,916	\$250 to \$15,000	7 banks under \$1,000; 9 banks \$1,000; 24 banks \$1,100 to \$1,925; 23 banks \$2,000 to \$2,400; 19 banks \$2,500; 30 banks \$2,700 to \$3,500; 25 banks \$3,700 to \$4,700; 18 banks \$5,000; 19 banks \$5,100 to \$7,000; 2 banks \$7,500; 5 banks \$8,000 to \$9,000; 3 banks \$10,000; 7 banks \$11,000 to \$13,000; 3 banks \$15,000.
\$6-to \$7-million	170	786,035	4,624	\$300 to \$12,000	4 banks under \$1,900; 2 banks \$1,000; 25 banks \$1,035 to \$2,400; 11 banks \$2,500; 31 banks \$2,700 to \$3,600; 19 banks \$4,000 to \$4,800; 15 banks \$5,000; 24 banks \$5,200 to \$6,000; 11 banks \$6,500 to \$7,200; 11 banks \$7,500; 11 banks \$8,000 to \$9,500; 5 banks \$10,000; 1 bank \$12,000
\$7-to \$8-million	136	777,950	5,720	\$500 to \$23,000	1 bank \$500; 6 banks \$1,000; 8 banks \$1,200 to \$2,000; 7 banks \$2,500; 18 banks \$2,700 to \$3,500; 26 banks \$3,600 to \$4,800; 10 banks \$5,000; 16 banks \$5,100 to \$6,000; 12 banks \$6,200 to \$7,000; 5 banks \$7,500; 5 banks \$8,000 to \$8,500; 9 banks \$10,000; 9 banks \$10,500 to \$13,000; 1 bank \$15,000; 2 banks \$18,000; 1 bank \$23,000.
\$8-to \$9-million	110	698,150	6,347	\$500 to \$30,000	6 banks under \$2,000; 4 banks \$2,000 to \$2,400; 4 banks \$2,500; 21 banks \$2,700 to \$3,600; 8 banks \$4,000 to \$4,700; 7 banks \$5,000; 17 banks \$5,200 to \$6,000; 7 banks \$6,500 to \$7,000; 3 banks \$7,500; 12 banks \$8,000 to \$9,000; 10 banks \$10,000; 7 banks \$12,000 to \$14,000; 2 banks \$15,000; 1 bank \$20,000; 1 bank \$30,000.
\$9-to \$10-million	72	541,300	7,518	\$100 to \$27,000	3 banks under \$2,500; 4 banks \$2,500; 11 banks \$2,800 to \$4,500; 6 banks \$5,000; 13 banks \$5,500 to \$7,000; 4 banks \$7,500; 14 banks \$8,000 to \$9,000; 7 banks \$10,000; 6 banks \$11,500 to \$15,000; 3 banks \$20.000; 1 bank

OUTLAY FOR BANKS REPORTING (EXCLUDING SALARIES)

DEPOSITS	NUMBER REPLIES LISTING EXPEND.	AMOUNT SPENT	AVERAGE EACH BANK	RANGE OF EXPENDI- TURES	DETAIL OF RANGE
\$10-to \$15-million	265	\$2,412,900	\$ 9,105	\$500 to \$36,000	17 banks under \$3,000; 29 banks \$3,000 to \$4,800; 21 banks \$5,000; 49 banks \$5,400 to \$7,200; 10 banks \$7,500; 24 banks \$8,000 to \$9,500; 36 banks \$10,000; 55 banks \$10,500 to \$15,000; 19 banks \$15,500 to \$20,000; 1 bank \$25,000; 1 bank \$35,000; 1 bank \$35,000; 1 bank \$36,000.
\$15-to \$20-million	142	1,838,600	12,948	\$1,000 to \$40,000	3 banks to \$2,000; 4 banks \$3,600 to \$4,500; 5 banks \$5,000; 17 banks \$5,500 to \$7,200; 5 banks \$7,500; 7 banks \$8,000 to \$9,000; 23 banks \$10,000; 24 banks \$11,000 to \$14,000; 16 banks \$15,000; 14 banks \$16,000 to \$18,500; 15 banks \$20,000 to \$24,000; 3 banks \$25,000; 1 bank \$29,000; 4 banks \$30,000; 1 bank \$40,000.
\$20-to \$25-million	84	1,502,750	17,890	\$1,800 to \$50,000	4 banks to \$2,500; 2 banks \$5,000; 10 banks \$5,800 to \$8,000; 5 banks \$10,000; 19 banks \$11,520 to \$15,000; 26 banks \$16,500 to \$24,000; 7 banks \$25,000; 5 banks \$26,700 to \$33,000; 1 bank \$35,000; 1 bank \$36,000; 2 banks \$40,000; 2 banks \$50,000.
\$25-to \$50-million	154	4,152,600	26,965	\$5,000 to \$100,000	3 banks under \$10,000; 25 banks \$10,500 to \$15,000; 38 banks \$16,000 to \$24,000; 21 banks \$25,000; 26 banks \$26,000 to \$30,000; 17 banks \$31,000 to \$39,000; 18 banks \$40,000 to \$49,000; 2 banks \$50,000; 2 banks \$60,000; 1 bank \$70,000; 1 bank \$100,000.
\$50-to \$75-million	41	1,832,000	44,683	\$5,000 to \$100,000	1 bank \$5,000; 5 banks \$15,000 to \$22,000; 9 banks \$28,000 to \$37,500; 11 banks \$40,000 to \$48,000; 2 banks \$50,000; 9 banks \$53,000 to \$65,000; 2 banks \$75,000; 2 banks \$75,000; 2
\$75-to \$100-million	22	1,402,000	63,727	\$25,000 to \$145,000	1 bank \$25,000; 3 banks \$27,000 to \$40,000; 1 bank \$50,000; 12 banks \$55,000 to \$70,000; 2 banks \$75,000; 1 bank \$80,000; 1 bank \$145,000.
\$100-to \$200-million	52	4,965,000	95,471	\$30,000 to \$200,000	2 banks under \$50,000; 2 banks \$50,000; 13 banks \$55,000 to \$70,000; 1 bank \$75,000; 8 banks \$78,000 to \$92,000; 10 banks \$100,000; 5 banks \$101,000 to \$120,000; 7 banks \$125,000 to \$150,000; 3 banks \$160,000 to \$175,000; 1 bank \$200,000.
\$200-to \$300-million	22	3,543,000	161,045	\$110,000 to \$220,000	6 banks \$110,000 to \$125,000; 3 banks \$138,000 to \$150,000; 5 banks \$160,000 to \$175,000; 5 banks \$200,000; 2 banks \$210,000; 1 bank \$220,000.
\$300-to \$400-million	9	1,953,000	217,000	\$120,000 to \$400,000	3 banks \$120,000 to \$165,000; 1 bank \$200,000; 3 banks \$213,000 to \$230,000; 1 bank \$250,000; 1 bank \$400,000.
\$400-to \$500-million	7	1,645,000	235,000	\$120,000 to \$320,000	2 banks \$120,000 to \$180,000; 1 bank \$200,000; 1 bank \$225,000; 2 banks \$300,000; 1 bank \$320,000.
\$500-million and over	30	25,739,275	857,976	\$163,000 to over \$2,500,000	1 bank \$163,000; 6 banks \$240,000 to \$275,000; 4 banks \$325,000 to \$385,000; 4 banks \$400,000 to \$490,000; 3 banks \$500,000; 4 banks \$550,000 to \$611,000; 1 bank \$750,000; 1 bank \$1,000,000; 3 banks \$1,200,000 to \$1,700,000; 3 banks over \$2,500,000.

Based on this survey, the Advertising Department estimates total advertising expenditures for ALL COMMERCIAL BANKS IN U. S. for 1960 to be about \$172,000,000.

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This Bank Visits Its Stockholders

The Contact Program Gets Business, Too

SARA DELL BINION

MRS. BINION is in the Publications and Publicity Department, Bank of the Southwest, Houston.

Bank of the Southwest, Houston, Tex., has gone a step farther than the traditional "annual report to stockholders."

Believing that the 1,592 shareowners are interested in business progress, as well as new services and other major activities, the bank has instituted a continuous program of personal contact designed to give stockholders first-hand information about their equities.

The stockholders visitation program is an activity of the Banking Relations Division and Elton W. Grant, business development vice-president, represents the bank as contact officer. Since the plan was inaugurated in August 1959, he has paid personal visits to approximately 400 businessmen who own stock in the Bank of the Southwest. Their reception of the program has been highly favorable.

While it is not possible as yet to measure accurately the results of the new program, there has been sufficient evidence of new business credited to the efforts of stockholders to encourage new goals and objectives during this year.

In planning the call program, a special stockholders file was set up: cards bearing pertinent information regarding the individual's business activity with the bank. Confidential information is coded for the protection of the shareholder. This information is consulted prior to a visit with a stockholder so that the officer is well informed on the services the stockholder is now using, and which services he would be likely to need.

The Bank's Story

While there is always a likelihood of "selling" the stockholder on additional bank services for himself and his friends who may be prospective customers, the major purpose of the visit is to acquaint him with the bank's achievements and goals for the near future.

To aid in his talk with stockholders, Mr. Grant carries a specially designed brochure composed of charts and statistical data illustrating bank progress (figures on capital and surplus, total resources, deVice - president Elton W. Grant, left, in charge of the Bank of the Southwest's stockholder visitation program, shows a shareholder the special brochure about the bank



posits, etc.); the active officer calling program, including local and national contacts; employee solicitation of new business which has established goals; high activity advertising, publicity, and public relations programs; the support of members of the board of directors and advisory committee who are business and civic leaders. Because the stockholder may help to achieve the new business goals and thus increase the value of his holdings, he is invited to participate in the effort.

As a case history, Mr. Grant cites a visit with a stockholder who heads a large firm that often brings in employees from out of the city. He offered to recommend our bank to these newcomers, and two of them opened accounts soon after. As a matter of fact, several accounts of new residents can be attributed to stockholders.

Follow-up

Following Mr. Grant's visit to each stockholder, a letter from President A. G. McNeese, Jr., is a follow-up, expressing the bank's appreciation for the friendly manner in which he received the visitation program.

Other special letters will be used this year to welcome new stock-holders, to inform on important developments in the bank, to give reports to stockholders on whom personal visits would not be appropriate (housewives, out-of-state residents), and to thank shareowners instrumental in getting new business for the bank, or who have opened new accounts.

Another 1960 objective is the re-

vision of the stockholders file to include information which will reflect business secured from and through stockholders. The additional data will enable accurate and periodic evaluations of the program.

Of the 1,592 stockholders, 954 will be visited. The remainder are outof-the-city or state residents, or bank employees. The newest holders have been visited first, as a starting point. And some who, it is felt, will be strong business contacts will be visited more frequently than others.

Employees are contacted periodically through the staff sales training program which presents many of the topics included in the visitation brochure.

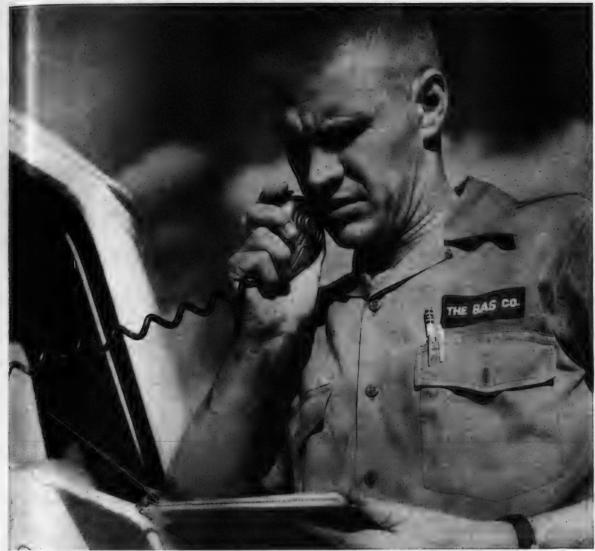
The Banking Relations Division, directed by William B. Black, Jr., vice-president, also embraces the Correspondent Bank Department. The correspondent bank record cards are being earmarked so that officers calling on out-of-the-city banks may contact stockholders affiliated with these banks. An all-out effort is being made to coordinate activities so that every shareowner will be contacted periodically - personally, if possible. While Mr. Grant handles the bulk of stockholder calls, a number of contacts are made through luncheon engagements at which the bank is host.

The attitude of stockholders has been one of initial surprise, followed by sincere appreciation of a business which will devote special effort and time to make them feel closer to the business and its growth. The potentials appear to be highly encouraging.

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More people than ever share in the growth of the Columbia Gas System

In 1959 over 3,200,000 homes and businesses used an alltime high of 736 billion cubic feet of natural gas delivered, directly and indirectly, through the Columbia Gas System – 36 billion more than in 1958.

Despite the prolonged steel strike the System delivered more gas than ever to the growing industrial complex it serves in 7 states—New York, Ohio, Pennsylvania, Kentucky, West Virginia, Virginia, and Maryland.

nia, Kentucky, West Virginia, Virginia, and Maryland.
The number of owners of the System grew, too.
Thirty-two thousand more of them — 182,545 in all—were listed as stockholders of The Columbia Gas System, Inc. at year's end.

And the men and women who work for the Columbia Gas System, including those who operate the System's pipeline from the Gulf Coast to the Kentucky-West Virginia border, shared \$79,000,000 in wages and benefits during the year.

Here is evidence of the growing demand for a vital public service—the production, transportation and delivery of natural gas—on which so many people depend for their daily comfort, convenience and economic betterment. For the complete story on the growth of the Columbia Gas System—and its continuing investment in better service for more people—write for your copy of our 1959 Annual Report.

SYSTEM, INC.
COLUMBIA GAS SYSTEM SERVICE CORPORATION
COLUMBIA HYDROCARBON CORPORATION
120 EAST 44s STREET, NEW YORK 17, N. Y.



CHARLESTON GROUP: UNITED FUEL GAS COMPANY, AMERE GAS UTILITIES COMPANY, ATLANTIC SEABGARD COPPORATION, COLUMBIA GAS OF KENTUCKY, INC., VIRGINIA GAS DISTRIBUTION COMPORATION, INCRIMINATION GAS TRAINSMISSION CORPORATION. . COLUMBIAS GROUP: THE CHIO FUEL GAS COMPANY, THE CHIO VALLEY GAS COMPANY, ... PITTSBURGH GROUP: THE MANUFACTURESS LIGHT AND HEAT COMPANY, COLUMBIA GAS OF NEW YORK, INC., CUMBERLAND AND ALLEGHENY GAS COMPANY, HOME GAS COMPANY... COLUMBIA GUU! TRAINSMISSION COMPANY... THE PRESTON OIL COMPANY

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WEIMAN & LESTER

John H. Crocker speaking on "Trust Possibilities in a Country Bank" at the 41st Mid-Winter Trust Conference of the A.B.A. in New York. Others, left to right, Thoburn Mills, vice-president and trust officer, The National City Bank of Cleveland; John D. Hartman, vice-president and trust officer, Poudre Valley National Bank of Fort Collins, Colo.; W. F. Pralle, vice-president and trust officer, City National Bank and Trust Company, Oklahoma City; Noel L. Mills, vice-president and senior trust officer, Deposit Guaranty Bank and Trust Company, Jackson, Miss.; and Joseph M. Naughton, president, Second National Bank, Cumberland, Md.

News for Country Bankers

This department is edited by MARY B. LEACH of BANKING'S staff.

Farm Management as a Trust Service

THERE are some who believe that the amount of capital required to own and operate a modern, efficient farm may be more than one individual can be expected to accumulate in a lifetime, John H. Crocker, president of the Citizens National Bank, Decatur, Ill., and chairman of the Agricultural Commission of the American Bankers Association, said in a discussion of "Trust Possibilities in a Country Bank" before the A.B.A.'s 41st Mid-Winter Trust Conference in New York.

Continuing, Mr. Crocker said, in part:

With the increased total farm investment, one of our major problems is the transfer of farm ownership from one generation to another. The severity of inheritance and gift taxes in those cases with one heir is well known. If there are several heirs, continuity of management becomes a problem, since one must buy out the others. The division of a unit so that each heir may have his portion is considered obsolete

(CONTINUED ON PAGE 76)

Current Agricultural Situation

Prices received by farmers firmed in January, increasing about 1% from December. Meat animal prices increased about 5% along with higher quotations for oranges, lettuce, and potatoes, while those of dairy products, cotton, and eggs were lower.

The downturn in hog production planned by farmers is expected to push prices above a year earlier next spring and they are likely to stay higher the rest of 1960. Farmers reported in early December that they intended to have 12% fewer sows farrow spring pigs than last year resulting in a spring crop about 11% lower than in 1959, but about the same as in 1958.

A record number of cattle were on feed in 26 states on January 1, 1960, some 9% more than a year ago, indicating that prices this winter and spring will continue below last year.

Low prices of eggs over the last year are likely to lead to reduction in the hatch of flock replacement chicks this spring. In January, farmers' prices averaged 19% below a year ago.

Prices received by producers of broilers increased sharply in December to the highest level in 15 months. Although they declined a little in January, they were still above most of 1959.

Feed grain prices in mid-January were 3% below a year earlier and they probably will continue a little below during the first half of 1960.

Supplies of food fats and oils in the 1959-60 marketing year are estimated at a new record of 14.3-billion pounds compared with 13.6-billion pounds last year, but disappearance is expected to rise more than 5% with record exports. This will leave slightly smaller carryover stocks next October 1.

Exports of cotton in the current season are expected to total at least 6,000,000 bales compared with 2,800,000 in 1958-59.

Prepared by the U.S. Department of Agriculture.

Ready Now for a New Decade...



50 Great D-Series Tractors from Allis-Chalmers Research

Research and engineering at Allis-Chalmers have greatly widened the application of new power principles for tractor users everywhere.

Tractor work becomes easier, faster, more productive whether it's used in 6-row corn farming or tobacco a row at a time . . . by grain growers, fruit and vegetable growers, or cotton and rice producers.

Pictured here is the Allis-Chalmers tractor line for the sixties — from the 1-row D-10 to the big D-17 models.

They typify the Allis-Chalmers approach to provide farmers and ranchers the kind of cost-saving power they need.

Next time an equipment loan comes to your attention, you can sharpen your pencil with confidence if Allis-Chalmers equipment is specified.

ALLIS-CHALMERS, FARM EQUIPMENT DIVISION, MILWAUKEE 1, WISCONSIN

ALLIS-CHALMERS



and not compatible with the present need for larger, more efficient farms. Nor is the method a satisfactory one for the individual who is suddenly faced with a financial burden in taking over the farm.

In many instances, a satisfactory solution to this problem lies in the establishment of a corporate organization. It has advantages in that it provides a continuous supply of capital, continuity of a going concern, and greater tax flexibility. It is a legal form of organizing the farm, regardless of size, so as to provide greater organizational stability and capital flexibility.

From the foregoing, it can be concluded that farmers should be considered as excellent prospects for trust services. In too many instances, because of the lack of proper estate planning, we see farm units broken up into smaller, inefficient units in order to settle estates. When this occurs, operating costs are increased and optimum output is not achieved. . . .

An adequately trained farm management specialist is essential for a bank with management service. Many banks already have agriculturally trained personnel on their staffs to handle their farm credit work and agricultural relations activities. Some of these men could be utilized effectively in performing farm management duties for the trust department.

The number of farms that can be managed by one man will vary depending upon the size of the farms, the number of tenants involved, the types of farming practiced, the distance between farms, and the office organization. One bank offering farm management service believes that a farm manager should be able to service 50 farms, providing they are within a radius of 50 miles from the bank. Other banks agree that one farm manager should be able to service 6,000 to 7,000 acres. It is conceded to be profitable, in many instances, to go a greater distance from the bank, however, in order to manage a large tract of land.

In our own bank, our farm management department manages 152 farms, totaling in excess of 40,000 acres. In addition to the manager, we have three field men, all having been born and raised on the farm, all graduates of "ag" schools, and all with previous farming experience. Farms under our management are located within a 100mile radius of Decatur, and our schedule calls for a visit to each farm by one of the field men at intervals of not more than three weeks. We feel that such careful and continuous attention is necessary, considering that we have the management responsibility of a \$20,000,000 investment.

Winners of New Jersey State Leadership Awards hold 4-H Club Revere bowls presented to them by the New Jersey Bankers Association at the Farmer-Banker luncheon in Trenton. Left to right, William R. Young, vice-president, Hun-



terdon County National Bank, Flemington, and chairman, NJBA's Committee on Agriculture; Richard Coates, Somerville; Louisa Frances Bauer, Flemington; Edward Wuerker, Cape May; Constance E. Price, Richwood; and Rollyn P. Winters, State 4-H Club leader, Rutgers—The State University, New Brunswick

Records and reports are a vital part of a good farm management service. Written reports are necessary so that all parties concerned are aware of the progress being made under the management plan. . . . For a complete listing of various forms used by banks over the country in their farm management work, I recommend the publication, Farm Management by Banks, published by our Agricultural Commission a few years back.

As I have indicated, the management of a farm is a large responsibility, and a bank should be adequately compensated for this additional responsibility. State statutes should be studied to determine what charges are permissible.

The New Jersey BA's Farmer-Banker Luncheon

E ACH year during Farmers Week in New Jersey the bankers and farmers get together on one day for lunch, and it is more like a family reunion than a business meeting.

Bigger and better each year is the

only way to describe this 13th and latest occasion for these friendly annual gatherings. With some informal handshaking before, then lunch, then some prizes for some outstanding 4-H'ers, a short speech or two—that just about sums up the program, but the atmosphere of the whole meeting is something special.

Farmers Week itself is rather unusual although some other states have similar programs. This is the 89th annual Farmers Week for New Jersey. Six days are filled with meetings on all phases of agriculture in this part of the country. The program is sponsored by the New Jersey Department of Agriculture in cooperation with several other state farm agencies and associations.

The farmer - banker luncheon is sponsored by the Committee of Agriculture of the New Jersey Bankers Association. This year the chairman of the committee, Willard Young, vice-president of the Hunterdon County National Bank, presided and President J. Milton Featherer, who is executive vice-president, Penn's Grove National Bank and Trust Co., presented the awards to the 4-H boys and girls. The association also pays the expenses of the winners on a trip to Washington, D. C.

CCC Interest Certificates

THE Commodity Credit Corporation announces an offer to sell banks and trust companies Special Series Certificates of Interest representing an interest in price-support commodity loans. They earn interest at the rate of 4% and mature on August 1, but may be redeemed prior to maturity at any Federal Reserve bank or branch by giving 15 days' notice.

This offer is on a continuing basis. Applications should be addressed to Controller, Commodity Credit Corporation, USDA, Washington 25, D. C.

Coordinated Trust Plan Explained by A. Key Foster

Every so-called "country bank" needs to be able to offer trust services to its customers, according to A. Key Foster, attorney at law, Birmingham, Ala., who 30 years ago originated the "Coordinated Trust Plan" by which small and large (CONTINUED ON PAGE 98)



Before starting construction of new milling facilities, Marvin E. Duncan, president of Crafton-Duncan, Inc., discussed plans with Banker Cooper (left).

"A LOAN TO OUR PURINA DEALER HELPED DEVELOP ONE OF OUR BEST ACCOUNTS"

— says H. Lee Cooper, President, The Ohio Valley National Bank of Henderson, Kentucky

"When our Bank financed the start of our present Purina Dealership, it marked the beginning of a firm that has become one of our best customers," says Mr. Cooper. "It also was the start of a service essential to farmers in this grain- and livestock-producing area.

"Since making the original loan, we have financed the purchase of new equipment, provided working capital when needed and supported the firm's expansion including the new mill completed early this year.

"We feel that our association with our Purina Dealer has been a community service as well as good business for our Bank. To get the best results in marketing grain 'on the hoof,' our farmers need their grain ground with concentrates. Thus, the Dealer's service helps farmers get higher incomes which, in turn, means better business for our merchants and for our Bank."

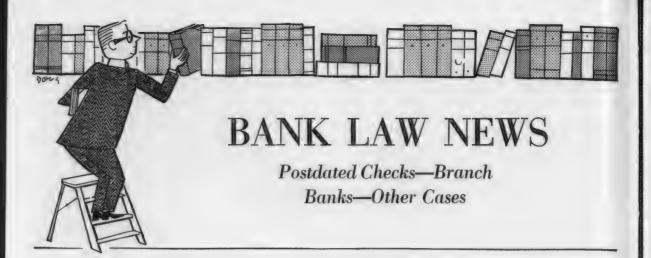
The Ohio Valley National Bank of Henderson serves an area extending about 50 miles from Henderson in each direction. Practically all of its business is directly or indirectly agricultural. The Bank has a full-time agricultural specialist who heads its Farm Management Department and gives advisory service to farmers. The Bank makes production loans, direct to farmers, on cattle and hogs. It has had no losses on such financing.



PURINA ... YOUR PARTNER IN SERVING ANIMAL AGRICULTURE

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POSTDATED CHECKS

California bank held not liable for prepaying postdated check.

A DRAWEE bank should not pay a check prior to the date it bears because of the danger of disputes, litigation, and loss, which might result from such prepayment. A bank recently found itself involved in litigation because it prepaid a post-dated check. Fortunately, under the circumstances, it was held not liable.

Here's what happened. Several checks were signed in blank by the drawers and delivered by them to their office manager, whose duties included filling in the checks to pay the drawers' obligations. The manager had a power of attorney which gave him "complete authority and control of the affairs of the [drawers'] business."

On a Friday afternoon, the man-

ager handed one of the checks to the drawers' secretary, instructing her to fill in the date, with his name as payee. She dated the check for the following day. He then filled in the amount of the check and, sometime between 3 P.M. and 6 P.M., proceeded to the drawee bank, produced evidence of his identity and the power of attorney, stated that he needed the money for payroll purposes, and received cash for the amount of the check. He didn't show up for work on Monday, nor thereafter.

In seeking to recover the amount of the check from the bank, the drawers contended that the bank was negligent in prepaying the postdated check. The bank argued that the loss occurred as a result of the drawers' act of signing the checks in blank and delivering them to their manager, who fraudulently filled in the

blanks. Judgment was rendered for the bank.

The court conceded that the bank was not wholly free from negligence in paying the check. However, said the court, the drawers' negligence was the "proximate" or true cause of the loss. By clothing their office manager with apparent ownership of the check, the drawers enabled him to perpetrate the fraud, and they had to bear the loss. Wright v. Bank of America (Cal. App.) 1 Cal. Rptr. 202.

BRANCH BANKS

Wisconsin branch bank established prior to 1909 may be moved from one location to another within the same city.

UNDER the provisions of Stat. (1957) §221.04(1)(f), the establishment of branch banks or offices is prohibited in Wisconsin. This prohibition, however, does not apply to any branch bank or office established and maintained prior to May 14, 1909.

The Wisconsin Supreme Court was recently confronted with this question: did the above mentioned statute prohibit the removal of a branch bank, established in 1904, from one location to another in the same city? The court ruled that the change of location was permissible.

The Wisconsin bank commissioner had, previous to the change of location, informed the bank that the removal of the branch office to the new location would not violate the provisions of the statute.

The court noted that in 1917 the Wisconsin Attorney General had (CONTINUED ON PAGE 80)

Question Box

A PROMISSORY note provided that it was "subordinate and subject in right of payment to the prior payment in full of any and all indebtedness of the maker" to others, whether the indebtedness was "now existing or hereafter existing." Is the note negotiable?

No. New York court held that the promise to pay was not unconditional. Fein v. Thompson-Starrett Co. (N. Y. Sup. Ct.) 192 N. Y. S. (2d) 762.

As part of his scheme to swindle the Federal Government, a man filed false income tax returns, with claims for refunds, under fictitious names. After receiving the refund checks, he endorsed them in the names of the fictitious payees. Is he guilty of forgery under the Federal statute?

Yes. The Federal Court of Appeals for the 9th Circuit ruled that the signing of a fictitious name, with fraudulent intent, is as much a forgery as if the name used was that of an existing person. Hanson v. U. S. (C.A., 9th Circuit) 271 Fed. (2d) 791.

CORRESPONDENT BANK SERVICES

MANUFACT TRUST COL

Contents

Foreword Advice on Office Layout Bank Money Orders Bank Stock Purchases Bank Wire Check Clearance Department . Collections . Commercial Paper . Consumer Credit . . Credit Information Currency and Coin . Group Life Insurance for Our Correspondent Banks . Retirement Program for Correspondent Banks . . . International Banking Services Remittances to Foreign Countries Import Letters of Credit Travelers Letters of Credit Foreign Banknotes for Travelers . Foreign Exchange Foreign Collections . Trade Development Division . Foreign Information International Banking Department Literature . Map of Branch Office Locations Loan Participations New Account Assistance . . Operational Surveys Personal Gift Checks Register Checks . Securities-Analysis of Portfolios Securities-Purchase and Sale . . Securities-Safekeeping Tax Assistance Travel and Ticket Service . Trust Services . . Training of Officers and Employees of Correspondents

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ruled that a state bank had the authority to move one of its branches legally in existence from one location to another in the same city.

Thus, said the court, "for more than 40 years we have had an administrative construction of this statute relative to branch banks established prior to 1909 by the banking department upon the advice of the attorney general that such branch banks are permitted a change in location within the particular municipality specified in the charter as the location of said bank. In the case of an ambiguous statute, and we deem the one before us to be such, administrative construction over a long period is entitled to great weight.'

So, concluded the court, it found no statutory prohibition against the removal of the branch in question. State v. Marshall & Ilsley Bank (Wis.) 99 N.W. (2d) 105.

BRIEF NOTES ON OTHER CASES

Assumption of mortgage. In Wisconsin, acceptance by grantee of a deed containing an assumption of mortgage clause imposes personal liability on grantee to pay mortgage debt; assumption agreement is not within statute of frauds and, therefore, deed need not be signed by grantee to charge him with personal liability. Beacon Fed. S. & L. Ass'n v. Panoramic Enterprises (Wis.) 99 N.W. (2d) 696.

Holder in due course. New York bank held to be holder in good faith of note for which it paid full face value before maturity although, 3½ months before the payment, the bank had received verbal notice from maker that payee had tricked him into signing note. First National Bank of Odessa v. Fazzari (Schuyler Cty. Ct., N.Y.) 193 N.Y.S. (2d) 367.

Confidential communications. New York Banking Law §36(10), provides that banking department examination reports are confidential communications, not subject to subpoena, and shall not be made public unless, in superintendent's judgment, publication will serve ends of justice. Court ruled that department letter which accompanied examination report to bank was also a confidential communication and could



I don't mean a genie from a magic bottle, nor that stuff you pour from not-so-magic bottles. I mean Christmas spirit—which can be mighty helpful. With the aid of my Christmas Clubs, many financial institutions have translated this spirit into solid business for themselves. Here's how!

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not be used in evidence without department's consent. Clark v. Flynn (N.Y. App. Div.) 193 N.Y. Supp. (2d) 401.

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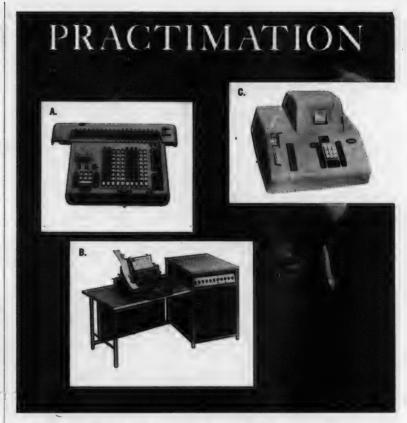
Books and records. National bank located in New York was required to comply with Internal Revenue summons to produce records relating to account of depositor under investigation although records were at branch in Panama. Decision reverses case reported in January 1959 issue of BANKING. First Nat. City Bank of N.Y. v. Internal Revenue Service (C.A., N.Y.) 271 Fed. (2d) 616.

Statute of limitations. In Florida. where bank pays check bearing forged endorsement of payee, statute of limitations with respect to drawer's right of action against drawee bank for paying the check begins to run from the discovery of the forgery by the drawer, unless it can be shown that the forgery would have been discovered at an earlier time if the drawer had exercised ordinary business care. Edgerly v. Schuyler (Fla. App.) 113 So. (2d) 737.

Personal injuries to bank customer. Bank held liable for injuries sustained by customer who, after taking one step backward from teller's window, fell into an open stairway without any gate, rail, or chain across the top of the stairway. Dickson v. Guaranty Bank & Trust Co. (Mass.) 162 N.E. (2d) 28.

Endorsements. Florida court rules that notation on back of a promissory note, which provided that: "For value received I hereby assign, transfer, sell, and forever quitclaim all my right, title, and interest in the within note," constitutes an endorsement, and not an assignment. of the note. Davis v. West (Fla. App.) 144 So. (2d) 703.

Recovery of Federal taxes. Statute permitting action against United States for recovery of taxes illegally collected permits only taxpayer to sue. Therefore, bank which took assignment of accounts receivable as collateral for loan could not sue to recover money, representing receivables, seized by internal revenue director for unpaid taxes owing by assignor. First National Bank of Minneapolis v. U. S. (Dist. Ct., Minn.) 176 Fed. Supp. 192.



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This announcement is a culmination of Friden's years in integrated data processing. Friden's assumption of responsibility for the most important phase of automation—its practical application.

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BANKING NEWS

Bankers Should Redouble Nuclear Attack Preparedness Plans, Says John J. McCloy

Sees No Immunity to Attack by Virtue of Geographical Location

Bankers of the country need to redouble their efforts to prepare against the possibility of nuclear attack or other large scale disaster, warns John J. McCloy, chairman of the Advisory Committee on Commercial Bank Preparedness, in a letter urging state bankers associations to help promote preparedness planning among the nation's banks.

Mr. McCloy, chairman of the board, The Chase Manhattan Bank, New York City, said that a recent report on the status of preparedness planning among some 12,000 banks indicates the need for planning now "if the bankers of the country are to do their share in preparing the plans to keep this country functioning after a serious nuclear attack."

Since its organization in 1956, the Advisory Committee on Commercial Bank Preparedness through its subcommittee, the Banking Committee on Emergency Operations, has provided commercial banks throughout the country with instruction booklets, which outline the steps to be taken. With Mr. McCloy's letter was mailed a booklet prepared by the Pennsylvania Bankers Association covering a program developed for a "\$5-million bank."

This study and others made last year, Mr. McCloy says, "bear out the contention that it is possible to establish and maintain an adequate preparedness program at relatively small expense."

FRS Cash System in Readiness

At the national level, the Federal Reserve System and a number of large banks throughout the country have in readiness a system for supplying emergency cash to disaster areas. The individual bank preparedness program would include such measures as protection of personnel and physical properties, microfilming and storage of records, and provisions for continuity of management and alternate headquarters in order



Speakers and program planners at the 12th Annual National Credit Conference of the American Bankers Association in Chicago included John W. Remington, president, A.B.A., and president, Lincoln Rochester Trust Company, Rochester, N. Y.; William F. Kelly, chairman, A.B.A. Credit Policy Commission, and president, First Pennsylvania Banking & Trust Company, Philadelphia; Walter B. French, senior deputy manager, A.B.A., New York, and secretary, Credit Policy Commission; and Robert C. Tait, president, Stromberg-Carlson Division, General Dynamics Corporation, Rochester, N. Y. The conference was under the auspices of the Credit Policy Commission and was attended by 910 bankers from 47 states

that bank operations in any disaster area could be resumed immediately within the first few hours of disaster.

While many banks located in industrial areas have realized the importance of preparing for emergency operations, industrywide cooperation in the program has lagged.

"The most frequently mentioned reason for inaction is," Mr. McCloy said, "a belief in immunity to attack by virtue of geographical location. This was surprising to us in view of the accumulated evidence that no area, however remote, can be considered safe from the effects of deadly radioactive fallout, or when there is the possibility that nuclear weapons, through miscalculation, or faulty guidance systems, might overshoot or fall short of their targets, perhaps by many miles. Too many feel that it is only the large cities on the seaboards of the country that are likely to be attacked without realizing that in this nuclear age seaboards as such mean nothing. Indeed today the interior of the country, if anything, is in closer range than the seaboards.

"In the event of a massive nuclear

Giannini Public Speaking Contest Theme Will Be "The Banker — Community Affairs"

"The Banker and Community Affairs" will be the subject for the public speaking contests which American Institute of Banking chapters will hold during March, according to Joseph Schmedding, Bank of America N.T. & S.A., San Diego, Calif., who is chairman of the Institute's National Public Speaking Committee.

The chapter contests for which this subject will be used are the first (CONTINUED ON PAGE 85)

attack, it will be essential that money and credit be made quickly available to help restore and sustain our economy. However, this objective requires planning now—following an attack, planning will be useless and, quite probably, impossible. If our banking system is unprepared to meet this challenge, then our cherished American way of life may well come to an end."

Trust Development School of Illinois BA Merges with A.B.A. Nat'l Trust School

Will Be Conducted on Northwestern Campus, Evanston, Aug. 8-26

The Trust Development School of the Illinois Bankers Association's Trust Division will be merged with the new National Trust School, sponsored by the Trust Division of the American Bankers Association. The merger will become effective at the time of The National Trust School's session at Northwestern University in August.

The announcement was made jointly by Charles W. Hamilton, president of the A.B.A. Trust Division, and Kenneth E. Cook, president of the Illinois Bankers Association. Several members of the faculty of the Illinois school will become instructors at The National Trust School.

Mr. Hamilton is senior vice-president and trust officer, The National Bank of Commerce, Houston, Tex. Mr. Cook is president, Du Quoin State Bank, Du Quoin, Ill., and a member of the A.B.A. Executive Council.

IBA School Ran for 14 Sessions

In the announcement Mr. Cook said, "The discontinuance of the Illinois Bankers Association Trust School after 14 successful annual sessions was not an easy decision. However, it is recognized, in the interest of progress and the creation of a national school, that this was the right decision."

Mr. Hamilton said, "The Trust Division of the American Bankers Association is well aware of the splendid history of the Trust Development School sponsored by the Trust Division of the Illinois Bankers Association over the past years. We believe that it is to the best interest of trust business generally to join hands in the common cause of promoting the best in trust education. The Trust Division of the American Bankers Association pledges to the Illinois Bankers Association that it will not lower the standard previously attained."

The new National Trust School, designed to offer training in trust work on a level between that of the American Institute of Banking and

Work in

Here are some of the projects now under way in the various departments of the American Bankers Association:

Department	Type of Study	Approx. Completion Time
Advertising Department	Survey of commercial bank advertising (results) Special series of radio announcements New issue "Timely Money Tips"—statement en- closure	March 1960 March 1960 March 1960
	New statement enclosure on various banking services	A continuing projec
Advisory Committee on Special Activities	Semiannual report on International Financial Developments	Spring 1960
Agricultural Commission	Semiannual survey of banker opinion on agricultural credit conditions	April 1960
	Agricultural Credit and Related Data Farm Credit Studies—by states Irrigation Financing—a study Cooperative and Government Agricultural Lending Providing a Complete Financial Service for Agriculture	June 1960 July 1960 Fall 1960 Indefinite Indefinite
A. I. B.	1960-61 Catalog	June 1960
	Textbooks: Supervision and Personnel Administration by J. W. Hansen, vice-president, Seattle-First National Bank	Summer 1960
	Effective Bank Letters by Prof. W. George Crouch, University of Pittsburgh	Fall 1961
	Economics by Professor A. Anton Friedrich, New York University	1962
	Negotiable Instruments	1962
Committee for Economic Growth Without Inflation	Various booklets, leaflets, and speech material relating to different aspects of the growth-inflation problem	Spring 1960
Council on Banking Education	Investment Fundamentals for banker schools Booklet on bank services for high schools Booklet on banking history for high schools Banker Education Programs study	May 1960 September 1960 September 1960 February 1961
Country Bank Operations	Manual—Simplified Cost Analysis for Smaller Banks—revision	Early 1960
Commission	Profit planning (budgeting) guide for smaller banks Customer Analysis—Market Research Series No. 1 booklet	Spring 1960 Spring 1960
Credit Policy Commission	Privately Financed Development Credit Corpora- tions progress survey	A continuing study
Commission	Proceedings—12th National Credit Conference Semiannual survey of banker opinion on business and credit outlook	March 1960 June 1960
Department of Printing	Information in Print-synopsis of A. B. A. publications	April 1960
Economic Policy Commission	Revision of Commission's series of six Monetary Studies	Indefinite

The Stonier Graduate School of Banking, will hold its first session on the campus of Northwestern University, Evanston, Ill., August 8-26. It will offer courses in both trust administration and trust new business.

IBA Applicants Eligible for N.T.S.

Prospective students whose applications for admission have been accepted previously by the Illinois school will be admitted automatically to The National Trust School.

Richard P. Chapman, president of The Merchants National Bank, Boston, is chairman of the school's Board of Regents.

A.B.A. Mid-Continent Trust Conference to Be Held in Chicago on November 17-18

The 29th Mid-Continent Trust Conference, sponsored by the Trust Division of the American Bankers Association, will be held November 17-18 in Chicago, Trust Division President Charles W. Hamilton announced.

The conference annually draws trust officers from nine states.

The Corporate Fiduciaries Association of Chicago will be host.

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(Readers are requested not to write in for these items until their completion is officially announced.)

Department	Type of Study	Approx. Completion Time
Employee Training Committee	How to Train a Bank Proof and Transit Clerk How to Train a Bank Teller	Spring 1960 Late 1960
Instalment Credit Commission	Annual study of instalment credit comparative ratios, portfolio diversification, terms, earnings, and expenses	Early 1960
	Bulletin on Financing Tuition Fees and Expenses Trends in Instalment Credit—1960; in cooperation with Research Council	Spring 1960 Spring 1960
	Financing Pleasure Boats by Commercial Banks Automobile Financing Through Dealers—a revision	Summer 1960 Late 1960
National Bank Division	Revision of Manual of Laws relating to loans and investments	Spring 1960
Public Relations Council	Several additions to Speech Service for bankers ad- dressing public audiences	Spring 1960
	The Problem Solver—addition to PR manual series Revision of PR manual, Your Banks Relations with Schools	Spring 1960 Spring 1960
	New Personal Money Management film The Banker Writes—addition to PR manual series Education filmstrip on important role of com- mercial banks in American economy (in coopera- tion with Department of Monetary Policy)	Early 1960 Early 1960 Indefinite
Research Council	Customer Analysis-Market Research Series No. 1 booklet	Spring 1960
	On-the-Job-Service—booklet to assist in making savings and consumer loan services available to employees of business concerns at their location	Spring 1960
Savings and Mortgage Division	Savings Statistics Proceedings—annual Savings and Mortgage Conference	March 1960 Spring 1960
	Simplified Cost Analysis Plan for Savings and Mortgage Operations	Early 1960
	Incentive Savings Plans—a revision Methods and Procedures of Computing and Paying Interest on Savings Accounts	Early 1960 Late 1960
	The Mortgage Bulletin—A continuing series—first issue	March 1960
	Study on National Market for Conventional Mortgages Study on The Banks and the Urban Renewals Program You, Your Mortgage, and Your Bank booklet Mortgage Handbook	Mid-1960 Late 1960 Fall 1960 Spring 1961
State Bank Division	Condition and Operation of State Banks in 1959	March 1960
Trust Division	Handbook on Fiduciary Legislation 1959 Personal Trust Assets Survey	Spring 1960 Summer 1960

Series of 52 Informative Newspaper Ads for Banks Announced by the A.B.A.

The Advertising Department of the American Bankers Association has announced a new series of 52 informative newspaper advertisements for banks.

The ads, designated as a "tell and sell" series, address the reader directly, explaining the bank's services in terms of the reader's own needs, wants, and problems—and cordially invites his banking business.

The ads, supplied in mat form, measure 2 columns by 7 inches each. The first bank order in each city insures exclusive use in that city.

The Advertising Department announced recently two series of newspaper advertisements designed to help banks take aggressive action in the savings field, and prepared in cooperation with the A.B.A. Savings and Mortgage Division. More than 350 banks already have ordered one or both of these. Both series are based on the theme that informed people put their cash savings in banks. One series of six ads features drawings of individuals of the type most people like to emulate. The

S.G.S.B. Faculty and Course Administrators Will Meet in New York on March 3

The Spring Faculty Meeting of The Stonier Graduate School of Banking of the American Bankers Association will be held at the Columbia University Club in New York on Thursday, March 3, according to Dr. E. Sherman Adams, director of the school.

Faculty members and course administrators will meet at 10 A.M. to discuss various aspects of thesis panel examinations. Following a midday luncheon, major and submajor groups will meet individually to complete the necessary work on their outlines and schedules.

The 1960 resident session of the S.G.S.B. will be held at Rutgers—The State University, New Brunswick, N. J., from June 13 to 24.

Giannini Speaking Contest Theme: Community Affairs

(CONTINUED FROM PAGE 83)

step in selecting contestants for the Institute's 34th Annual National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes on May 30 in Boston at the annual A.I.B convention. By means of chapter eliminations, A.I.B. chapters will choose the single contestant each is permitted to enter in its respective district public speaking contest. There will be 12 district contests in various sections of the country, and winners in each of the 12 districts will then compete in the semifinals in Boston on the Sunday prior to the opening of the convention, with six people becoming contestants in the final contest.

The entire 1960 public speaking program is using "The Banker and Public Affairs" as its general theme, with specific subjects on this theme used as the basis for each level of the competition. The specific topic to be used in the district contests will be announced on or about April 1, and the one for the semifinal and final contests following the district contests.

other series features photographs instead of drawings, and is projected in a lighter vein.

Instalment Credit

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"Disclosure bill" entered in both houses Senator Paul H. Douglas and Representative Henry S. Reuss have introduced identical bills asking that the Federal Reserve Board be responsible for a more stern "disclosure" rule covering all forms of instalment lending. (See also "Washington," page 36.)

The bill in part proclaims that "any person engaged in the business of extending credit shall furnish to each person to whom such credit is extended . . . a clear statement in writing in accordance with the rules and regulations which the Board of Governors of the Federal Reserve Board shall prescribe setting forth the total amount of the finance charges to be borne by such a person in connection with such extension of credit and stating the percentage that such amount bears to the outstanding principal obligation on unpaid balance in terms of simple annual interest."

Comment from John Donoghue, editor of the Bank Director's Letter in Washington, D. C.: "Neither the borrower nor the lender will be made to feel any better if it becomes necessary to proclaim that by agreeing to a 6% discount on an auto loan paid back during 12 months the borrower is actually hiring money at 12%."

Credit unions fastest growing lenders today Warning! Watch the fastest growing consumer credit agency in this country!—the third largest instalment lender today, says the executive secretary of the South Dakota Bankers Association, is the credit union.

As Carl Bahmeier, just a short time back, quoted from a credit union publication to the A.B.A. National Credit Conference: "The banking and finance industry, especially in the field of instalment lending, is bound by tradition with self-imposed rules and regulations. It thus becomes increasingly difficult for this industry to gear itself to the fast changing economy in which we live."

And, "Credit unions are the most flexible mechanism available for people today in the savings and lending industry."

Yes and no to these observations, from the tenor of the times. Banks don't seem so inflexible, what with charge account banking, line-of-credit, drive-ins, walk-throughs, and what else these days. They very rarely make the effort to get into plants and factories the way credit unions do; they often offer bank-by-mail, but very little automatic out-of-salary banking or loan payments. Flexibility is there, all right; many bankers are beginning to realize that it just needs to be applied creatively in the right competitive directions.

Used car sales up in late '59

The last word on last year and the auto situation: during the final quarter, the volume of instalment loans to car buyers shifted from new to used automobiles, thus benefiting dealers who were aided in liquidating their inventories, which, at the end of December, still had 100,000 more used cars than at year's-end, 1958.

According to the quarterly report of the Advisory Board to the A.B.A. Instalment Credit Commission, there was, as expected, a decline in new car loans, both direct and dealer; but a marked increase in used auto loans reflected an active market in this area.

From the same report: "By the end of the quarter, the majority of the nation's banks had adopted maximum terms of 60 months for 'own plan' home improvement loans; previously, banks had been evenly divided with maximum terms ranging from 36 to 60 months." Terms on other loans have held steady.

Spending grew

Instalment credit for the purchase of cars and other durables increased \$5-billion.

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New Youth Thrift Educational Program

A PROGRAM of action for 1960 designed to explore and develop ideas, aids, services, and programs in the youth thrift educational field has been announced by Jean M. Turano, chairman of the A.B.A.'s Committee on Youth Thrift Education and assistant to the president, The Trenton (N.J.) Savings Fund Society.

Under the program, the committee will endeavor to supply member banks with educational material for use in encouraging young people to save at banks of deposit.

Miss Turano states that in its efforts to attain its objectives, the committee will work with educators at various levels of education, state bankers associations and groups, organizations with similar objectives, and outside specialists and consultants.

The Committee on Youth Thrift Education sent a congratulatory message to the Boy Scouts of America on its 50th anniversary, in which it praised the Scouts' emphasis upon thrift.

The committee also adopted a resolution requesting that the subject of thrift education for youth be included on the agenda of the March 1960 White House Conference for Children and Youth.

Questions 3% Ceiling on Commercial Bank Savings

REFERRING to the need for encouraging a larger volume of savings deposits, J. Henry Neal, president of the New York State Bankers Association and of the Scarsdale (N.Y.) National Bank and Trust Company, said that the Board of Governors of the Federal Reserve System might reexamine Section 19 of the Federal Reserve Act. Mr. Neal was speaking at the midwinter meeting of the NYSBA.

"Possibly, herein lies the means by which to check the escape of foreign and corporate funds into the higher-interest rate bearing securities," Mr. Neal added. "Under the Federal Reserve Act, the Board would appear to have the authority to permit banks to pay a more flexible rate on time deposits. Or perhaps the time may be approaching when the 3% ceiling should be reconsidered, generally."

A Payroll Savings Plan

A GREAT deal is being said these days by bankers about how to meet competition for the savings dollar. Payroll savings has been suggested by some as one of the ways to do this. In this connection, an article appearing in the February 1960 issue of the Savings and Loan News points up the success of one banking competitor—the Home Federal Savings and Loan Association of Greensboro, N.C.—with a payroll savings program.

"Home Federal of Greensboro has operated a payroll deduction savings program since July 1957, roughly two and a half years," reports the News. "This program began at that time when one local home builder gave the association permission to present its payroll savings plan to his employees. Home Federal presented the plan and almost 50 of the firm's employees signed up.

"That was the picture at the beginning Today, however, the picture is very different. . . . Home Federal has more than 3,000 employees of 40 firms saving regularly under its payroll deduction savings

Savings promotion display of The First National Bank of Boston



Savings

plan. And, what's more, these 3,000plus payroll savers are adding to their Home Federal accounts at the rate of \$650,000 a year."

Home Federal Vice-president Ernest E. Ford is quoted by the News as stating that "while we signed up our first payroll savers about 30 months ago, the actual planning and preparation that led up to the start of the program began almost three years earlier, in late 1954"

The forms used by Home Federal are illustrated with the article.

Election-Year Promotion

THE 1960 Presidential campaign is the topic of new promotion to encourage savings accounts at The First National Bank of Boston.

Rhodium-plated coin banks, one with an elephant's head and the other with a donkey's, are being offered to all new and current savings customers under the promotion theme "Pick Your Favorite . . . Either Way You're Ahead When You Save at The First!"

The coin banks have a certified \$6 retail value and will be sold by the bank at \$2.50 to customers. They are also being offered to the staff of the bank at \$2 each as part of the campaign.

The entire promotion, which will run through this election year, will be carried on by window exhibits counter displays, and U-frame signs posted throughout The First's 26 offices in the greater Boston area.

Savings tellers will handle all sales of the political-faced banks which will have the name of The First engraved underneath.

Neal Joins Treasury Staff

ACTIVITY among banks in the United States Savings Bond program was stepped up on February 15, when William H. Neal assumed his duties as Assistant to the Secretary of the Treasury and national director of the Savings Bonds Division of the Treasury Department. Mr. Neal has been senior vice-president of the Wachovia Bank and Trust Company, Winston-Salem, N. C.

· NEWS ·

Mr. Neal, who is known as "Bill" to bankers in all sections of the country, has been connected with the Wachovia Bank and Trust Company in charge of public relations since 1929, serving as vice-president from 1934 to 1946 and senior vice-presi-

dent since 1946. He is a past president of the North Carolina Bankers Association and of the Financial Public Relations Association.

He has been active in the American Bankers Association for more than 30 years, having been a member of the faculty of The Stonier Graduate School of Banking for many years, chairman of the Association's Public Relations Council for five years, chairman of the Savings Bonds Committee for three years,

and a member of the Executive Council.

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Prior to his appointment he was a member of the Savings Promotion and Development Committee of the Savings and Mortgage Division, a member of the Public Relations Council and of the Committee on Economic Growth Without Inflation.

In recognition of his services, the United States Treasury in 1954 awarded him its Distinguished Service Award.

Housing and Mortgages

Role of Commercial Banks in Mortgage Finance

"MANY people seem to know so little about the role of our commercial banks in mortgage finance that I would like to give you some facts and figures about our participation in this important field," said John W. Remington, president of the American Bankers Association and of the Lincoln Rochester Trust Company, Rochester, N. Y., before the convention of the National Association of Home Builders.

Continuing, Mr. Remington stated, in part:

"Home ownership will undoubtedly continue to expand both as to quality and quantity, and so will durable equipment inside our homes. The financial institutions which will provide the credit for this expansion will, therefore, also continue to grow. Today this credit for residential mortgages is held largely by four major institutions. Of the total outstanding mortgages held by these, the breakdown is as follows: savings and loan associations, 35%; insurance companies, 30%; commercial banks, 20%; and savings banks, 15%.

"These percentages, however, do not reveal the true part played by commercial banks in community building, of which housing is only one of the major factors. Good communities must indeed be built on a foundation of good housing, but that alone is obviously not enough. It is, in fact, only the beginning. Schools, sewers, roads, durable household equipment, etc., are also essential and need to be financed. As impor-

tant as housing is, the total volume of credit is limited, and care must be taken to allocate some of it into school construction and the other things just mentioned or our communities will prove inadequate.

Local Government Financing

"In addition to financing about 20% of all residential mortgage credit, the commercial banks are also very active in financing the credit requirements of local government. In June of last year (1958), the outstanding debt of state and local government was about \$55-billion. Of this the largest part (about \$40-billion) were local obligations. Much of this debt was used to finance our schools, roads, sewers, and other projects necessary to the growth of

a community. The commercial banks held nearly 30% of it or about \$16-billion; mutual savings banks held a little more than 1% or \$0.7-billion, and savings and loan associations about 2% or \$1.1-billion.

"This credit that goes into building our communities is not short-term money and therefore properly comes from, or is allocated to, time deposits. This applies to housing, schools, roads, and sewers, etc., and brings into focus the over-all importance of savings and time deposits to commercial banks. If some of the commercial banks in the past seemed not to be greatly concerned about such deposits, it was because the effective demand for family and community credit has reached major significance only in recent decades.

This Bank of America poster won first place in the "Local Classification" at the 28th National Competition of Outdoor Advertising Art, sponsored by the Art Directors Club of Chicago



The commercial banks have about 50% of their savings deposits invested in mortgages, but in addition to that, they have 30% of such deposits invested in local and state obligations-80% of savings deposits.

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"The mutual savings banks have about two-thirds of their deposits invested in mortgages but only about 2% in local and state obligations. The savings and loan associations have about 90% of their share accounts invested in mortgages, but also only about 2% of such accounts

are put into state and local obligations. The commercial banks, of course, are required by law to maintain a legal reserve (5%) against their time deposits. Such reserves are frozen and cannot be invested. so must be eliminated as available funds. Not only do commercial banks invest 80% of their time deposits in housing and community building, but they also finance to a considerable extent the credit requirements of builders and others associated with the building industry."

Quotes from A.B.A.'s Regional Mortgage Workshop

THE Mortgage Workshop Meeting of the American Bankers Association in San Francisco last month was another link in the Association's program of keeping its member banks fully informed on developments in the field of mortgage lending and in the related areas of housing and legislation. It is the desire of the A.B.A. to furnish bank mortgage officers all of the information they need, a forum for the exchange of ideas, and to be an effective spokesman for them in the field of legislation.

Besides the regional workshops, of which it is anticipated there will be three each year, the Association's director of mortgage finance, Dr. Kurt F. Flexner, plans to publish periodically studies covering a wide range of topics relating to mortgage financing.

Excerpts from the papers given at the San Francisco workshop and available at BANKING' press time are presented on this page:

Mortgage Financing for **Commercial Banks** -Kurt F. Flexner

THERE is no doubt that the demand for mortgage money will continue to be great and become even greater in the years to come.

In spite of the greatly improved quality of the mortgage as an instrument of credit, weaknesses in organization and markets still prevail. These weaknesses are significant not only because they discourage potential mortgage funds from going into housing but also because they provide the rationale for Government intervention. In my opinion, if the conventional mortgage can be given national marketability many of the reasons given for the Government's entrance in the housing field

NEWS .

will disappear. Government intervention in what is basically a market economy should be avoided whenever possible when other alternatives can be found in the private mortgage market. This is not only for ideological reasons, but rather that when Government spending is used as a substitute for private funds it has a tendency to subsidize an industry. The housing industry perhaps more than any other major industry needs to benefit from technological improvements and increased efficiency. Continued Government protection would seriously interfere with the forces that make an industry more efficient in a market economy. . . .

Recognizing the need for developing a strong conventional mortgage the American Bankers Association is currently conducting a study, the major aim of which is to help clear the way for establishing an organization that would give the conventional mortgage national marketability. We hope to have this study completed during the summer.

Advantages of Mortgage Lending

–V. R. Steffensen

UNLESS commercial banks want (CONTINUED ON PAGE 102)

CALENDAR, 1960

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American Bankers Association

Mar.	7- 9	57th Annual Savings and Mortgage Con-
		ference, Hotel Roosevelt, New York
Mar.	10-11	Agricultural Commission and Subcom-

mittee on Agricultural Credit, Hotel Ponce de Leon, St. Augustine, Fla. Instalment Credit Conference, Conrad

Mar. 21-23 Hilton Hotel, Chicago Southern Trust Conference, Colonial Inn-Desert Ranch, St. Petersburg, Fla. 12-13

May	30-
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American Institute of Banking, Statler Hilton Hotel, Boston

The Stonier Graduate School of Banking, Rutgers-The State University, New Brunswick, N. J.

8-26 Aug.

The National Trust School, Northwest-ern University, Evanston, Ill. 86th Annual Convention, New York City Sept. 18-21 Nov.

9th National Agricultural Credit Con-14-15 ference, Denver Hilton Hotel, Denver,

		Ca-a- A	T	00.05	C. L. M. W. H. A. L. Damman
W	04.00	State Associations	June		Colorado, Hilton Hotel, Denver Vermont, Equinox House, Manchester
Mar.	24-26	Florida, Robert Meyer Hotel, Jackson- ville	June		New Jersey Mutual Savings, Monmouth Hotel, Spring Lake
Apr.	22-29	Georgia, Cruise aboard S. S. Bergens- fjord	June	24-26	Maine, Poland Spring House, Poland
Apr.	24-26	Louisiana, Hotel Roosevelt, New Or- leans	June	26-28	Oregon, Sheraton-Portland Hotel, Port-
Apr.	30- May 7	Alabama, Cruise aboard S. S. Bergens- fjord	July	14-17	West Virginia, The Greenbrier, White
May	1-6	South Carolina, Cruise to Nassau	A 1200	7-19	Sulphur Springs Colorado School of Banking, Univ. of
May May	5- 6 6- 7	Oklahoma, Skirvin Hotel, Oklahoma City North Dakota, Dacotah Hotel, Grand	Aug.	4.4.0	Colo., Boulder Central States School of Banking, Univ.
May	8-10	Forks Missouri, Sheraton-Jefferson Hotel, St.	Aug.		of Wis., Madison
May	8-10	Louis North Carolina, The Carolina Hotel,	Sept		Maine Savings Banks, Poland Spring House, Poland Spring
May	9-11	Pinehurst Tennessee, Read House Hotel, Chat-	Sept.		Massachusetts Savings Banks, Poland Spring House, Poland Spring, Maine
May	11-12	tanooga	Oct.	11-12	Nebraska, Cornhusker Hotel, Lincoln
May	12	Ohio, Sheraton-Gibson Hotel, Cincinnati Delaware, Du Pont Hotel, Wilmington	Oct.	14-15	New Hampshire Fall Meeting, Mountain View House, Whitefield
May	12-14	Kansas, Topeka	Oct.	17-18	Connecticut Mutual Savings, Mountain View House, Whitefield, N. H.
May May	15-17 15-18	Texas, Texas Hotel, Fort Worth Pennsylvania, Bellevue-Stratford Hotel, Philadelphia	Oct.	23-26	Iowa, Fort Des Moines Hotel, Des Moines
May	16-18	Mississippi, Buena Vista Hotel, Biloxi	Nov.	10-12	Arizona, Pioneer Hotel, Tucson
May	18-19	Indiana, French Lick-Sheraton Hotel, French Lick			Other Organizations
May	18-20	New Jersey, Chalfonte - Haddon Hall, Atlantic City	April	4- 5	MBA Southern Mortgage Conference, Robert Meyer Hotel, Jacksonville, Fla.
May	19-20	Massachusetts, New Ocean House, Swampscott	Apr.	4- 6	NABAC Eastern Regional, Bellevue- Stratford Hotel, Philadelphia
May	19-21	South Dakota, Sheraton-Cataract Hotel, Sioux Falls, Iowa	April	10-15	Institute of Investment Banking, Univ. of Pa., Philadelphia
May	19-21	Utah, Royal Nevada Hotel, Las Vegas, Nev.	April	21-23	MBA Western Mortgage Conference, Paradise and Jokake Inns, Phoenix,
May	20-21	New Mexico, Western Skies Hotel, Albuquerque	Apr.	25-27	Ariz. NABAC Northern Regional, Schroeder
May	20-24	Maryland, Shoreham Hotel, Washington, D. C.	May	2- 3	Hotel, Milwaukee MBA Eastern Mortgage Conference,
May	22-24	California, Ambassador Hotel, Los Angeles	May	16-18	Hotel Commodore, New York NABAC Southern Regional, Chase-Park
May	23-24	Illinois, Palmer House, Chicago	35	00.00	Plaza Hotel, St. Louis
May June	23-25 3- 4·		May	22-26	Independent Bankers Association, Hilton Hotel, Denver, Colo.
June	7- 8	Vt. Minnesota, Leamington Hotel, Minne- apolis	May	29-31	Association of Registered Bank Holding Companies 2nd Annual Meeting, The Greenbrier, White Sulphur Springs,
June	8-12	Dist. of C, The Homestead, Hot Springs, Va.	June	6 8	W. Va. NABA Lake City Regional, Hotel Utah,
June	12-14	Idaho, The Lodge, Sun Valley	June	5-10	Salt Lake City Consumer Credit Management Program,
June	15-17	New York, Lake Placid Club, Lake Placid	June	9-10	Arden House, Harriman Campus, Columbia Univ., New York
June June	16-18 16-18	Michigan, Grand Hotel, Mackinac Island	July	31-	NABAC School for Bank Auditors and
Julie	10-10	Montana, Canyon Village Hotel, Yellow- stone National Park	F	lug. 13	Comptrollers, Univ. of Wis., Madison
June	16-18	Virginia, The Homestead, Hot Springs	Oct.	3- 6	MBA 47th Annual Convention, Conrad Hilton Hotel, Chicago
June	16-18	Wyoming, Jackson Lake Lodge, Moran	Oct.	10-12	NABAC 36th Annual Convention, Hotel
June	17-18	*New Hampshire, Wentworth-by-the-Sea, Portsmouth	Oct.	10-13	Statler, Los Angeles National Association of Bank Women,
June	17-18	*New Hampshire Mutual Savings, Went- worth-by-the-Sea, Portsmouth			Annual Convention, Huntington-Sheraton Hotel, Pasadena, Calif.
June	19-21	Washington, Davenport Hotel, Spokane	Nov.	27-	Investment Bankers Annual Convention,
June	20-22	Wisconsin, Schroeder Hotel, Milwaukee *Joint Meeting	,	Dec. 2	Hollywood Beach Hotel, Hollywood, Fla.

All banking associations are invited to send in dates of their forthcoming meetings for this calendar.

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Bright Future Foreseen by Trust Conference Speakers

MARY B. LEACH

A NOTE of cautious optimism was sounded by Dr. Marcus Nadler at the opening session of the 41st Mid-Winter Trust Conference of the American Bankers Association in New York last month. After weighing the variable factors that will influence the American economy—and the world—in the Sixties, Dr. Nadler noted that "at the beginning of the decade the outlook is hopeful."

Some of the reasons for hope, as seen by Dr. Nadler, who is professor of finance, New York University, New York City, include: "Monetary discipline has been practiced in spite of great political opposition and pressures. The increase in prices has slowed down, and the steel strike settlement provides for the smallest increase in the cost of producing steel since the end of the war. The budget for the present fiscal year seems to be balanced, and for the next year a surplus of \$4.2-billion is envisaged. The people at large are beginning to realize that inflation is

harmful to the economy as well as to many segments of the population."

A summary of Professor Nadler's conclusions drawn in his address, "Investment Environment of the 1960s," may be found in BANKING'S Investment Forum, starting on page 4. Also, excerpts from other addresses may be found in this same section and in the Country Banker section, starting on page 74.

Dr. Nadler's optimism about the future was shared by speakers on a wide range of subjects during the 3-day conference.

. . . the Next 40 Years

The history of the growth and new developments in the trust business since the first Association trust conference in 1920 was traced by Charles W. Hamilton, president of the Trust Division, A.B.A., and senior vice-president and trust officer of The National Bank of Commerce, Houston, Tex.

"Unlike many businesses and in-

dustries, in this modern push-button, electronic, atomic age, the trust business is definitely not declining—it's growing so fast and so soundly that it takes all our ingenuity and skill to keep up with it," said Mr. Hamilton. "The reason for this growth is apparent if we look closely at the past 40 years."

Mr. Hamilton told the trustmen that "If you will follow the examples and precepts of the past 40 years in your conduct of the trust business, you have a wonderful 40 years in front of you. Most of us can wish only for the opportunity to hear the report on the next 40 years at the 81st Mid-Winter Trust Conference in the year 2000. Those of you young enough to hear the report, make sure it's worthy of you."

Topnotch Courses

Trustmen were urged to send one or more of their "younger career people to take either the Trust Administration or the Trust New Business major offered at the first resi-

Division officers and speakers at the opening session of the conference. Left to right, Robert G. Howard, deputy manager, A.B.A. and secretary, Trust Division; Richard P. Chapman; Merle E. Selecman, executive vice-president and executive manager, A.B.A.; President Charles W. Hamilton; Thomas H. Beacom, (in background) chairman, Executive Committee, Trust Division and vice-president, The First National Bank of Chicago; Professor Austin W. Scott; Robert R. Duncan, vice-president, Trust Division, and chairman, Harvard Trust Company, Cambridge; Gilbert T. Stephenson, Pendleton, N. C.; Dr. Marcus Nadler; and Joseph H. Wolfe, who until January 1, was Trust Division secretary and now is vice-president and trust officer, The Merchants National Bank of Boston.

Dr. Nadler received an engrossed testimonial from the trustmen to mark his twelfth appearance as a featured speaker at the trust conference. The testimonial named Dr. Nadler "Honorary Trustman in aeternum." Mr. Wolfe also received a testimonial in recognition of his outstanding leadership as secretary of the Trust Division, 1954-1959.



WEIMAN & LESTE

dent session of The National Trust School" by Richard P. Chapman, chairman, Board of Regents of the school and president of The Merchants National Bank of Boston. "Both," he said, "will be topnotch courses, well worth the student's time and your money." He added, "We plan to limit enrolments to about 200 this first year, and while space is still available, time is of the essence." The first resident session of the school will be held at Northwestern University, Evanston, Ill., on August 8-26.

... Must Use Vision and Ingenuity

"As our nation has been progressing along so many frontiers in medicine, science, sociology, and the many and varied aspects of business, the need for better trained and educated people has multiplied," John W. Remington, president of the American Bankers Association, stated.

"As we educate ourselves as trust people, we must use vision and ingenuity in discovering better ways to educate our customers in sound planning for themselves and for others," he said.

Mr. Remington concluded by stat. ing that "one of the greatest opportunities for those engaged in the trust business is to assist in the practical education of the beneficiaries of inheritance so that they may become good citizens and use profitably and well the fruits of inheritance as they embark in their social, civic. and business or professional careers."

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Judge Shortage

"Justice in Need - Justice Delayed - Justice Denied" was the topic of an address by John D. Randall, president, American Bar Association, Cedar Rapids, Iowa.

"We have an immediate, and almost desperate, need for 43 new Federal judges," said Mr. Randall. "It is, indeed, surprising, but true, that judicial facilities of the United States, expressly provided for in the Constitution, have expanded at a much slower rate than other services of our Government."

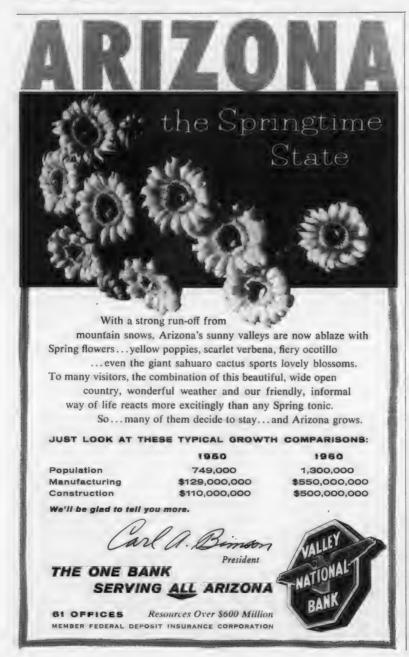
Mr. Randall said that "since 1955 a concerted effort has been under way, led by the Judicial Conference. to increase the number of Federal judges." He added that the Omnibus Judgeship Bill, which incorporates the recommendations of the Judicial Conference, and endorsed by other groups as well, has been endorsed by the House of Delegates of the American Bar Association.

Growth without Inflation

The response by all segments of the American people to the announcement of the A.B.A.'s Committee for Economic Growth Without Inflation—a long-range educational program-was quick and most encouraging, said Casimir A. Sienkiewicz, president of the Central-Penn National Bank, Philadelphia, and chairman of the committee.

Mr. Sienkiewicz said that the objectives of the committee "is to help promote economic growth without inflation, not by forced and wasteful means, but by encouraging efficient production, maximum job opportunities, and reasonable price stability in order to maintain the integrity of the dollar at home and abroad.

"To that end," he said, "we want to provide a source of information for the banks, their customers, and citizens in an effort to foster sound understanding of issues and their future implication."



Conflict of Laws

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"Trusts and the Conflict of Laws" was discussed by Austin W. Scott, professor of law, Harvard Law School, Cambridge. Mr. Scott included these points in his talk:

The American Law Institute is now engaged in preparing a revision of the Restatement of Conflict of Laws.

Difficulties begin to arise where all the elements are not confined to a single state. The trust may be created by a resident of one state, the trustee may he a resident of another state or may he a trust company of another state. the property may be situated in a third state, the trust may be administered in a fourth state, and the beneficiaries or some of them may be residents of a fifth state. The question then arises which of the states is the one whose law governs the creation or administration of the trust. It may, indeed, be immaterial, since the rules of law which are applicable may be the same in all the states. But frequently they are not the same. It is true that the law of trusts in all the states is based upon the system developed by the English Court of Chancery and received in the various states as a part of their common law. But not infrequently, different rules have been developed in the various states, partly by judicial decision and more often by statute. Thus there arise problems of the conflict of laws, problems of the proper choice of law.

Opening and Operating a Department

Among the interesting features of the conference program was an entire session devoted to "Opening and Operating a Trust Department." Brief excerpts from most of the papers given at this session are included below:

Authority to Open a Trust Department: A national bank must direct its request for the requisite authority to the Federal Reserve Bank of its own district. Curiously enough, the Comptroller of the Currency, whose office supervises all activities of national banks, may not grant trust powers. Section 11(k) of the Federal Reserve Act lodges such authority in the Board of Governors of the Federal Reserve System.

Any state bank, insured or uninsured, member or nonmember, which wishes to offer trust services to its community must apply first of all to the official agency or commission which exercises top bank supervisory authority within its state. Such authority is lodged by statute in a superintendent of banks, banking commissioner, or similar agency. Each such agency will naturally have its own application



Bird's-Eye View of Canada

The monthly Business Review published by Canada's First Bank gives up-to-the-minute analyses of economic events and trends in Canada. Your clients with present or potential interests north of the border will find it an invaluable "bird's-eye view" of the Canadian business scene. If you would like to have one or more of your clients' names placed on the mailing list for the Review—or if you would like to receive it yourself—simply write to our nearest U.S. office.

The Business Review is just one of many publications and services the B of M provides to help you assist your clients with Canadian interests. Whenever you need facts, contacts or services in Canada, the Bank of Montreal is at your call.



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form, specified procedure, etc., for use in filing the formal request for permission to exercise trust powers. But it seems permissible to say that, in general outline, the necessary information which each state requires corresponds with what must be supplied by a national bank in its application to the Federal Reserve Bank in its own district.

Administrative and Personnel Needs: So far as Regulation F is concerned, the personnel and the administrative needs are therefore four in number—a separate trust department, a trust investment committee, an executive of-

ficer or officers, and competent legal counsel.

... The needs would be different for a large city bank starting a trust department than for a small country bank; ... a trust department can be opened with the very minimum requirements without any idea of operating a full-time trust department, but for the sole purpose of being qualified to administer the estates of deceased customers, anticipating that the attorney for the estate will do all the work and that the bank will simply cash in on the executor's or administrator's fees without having to do much.

Such a department might be opened

purely for competitive reasons. In a trust department of this kind, a commercial officer can be given the title of trust officer and he would undoubtedly be approved by the regulatory authorities, because as a qualified and experienced commercial officer he would probably be considered to have sufficient qualifications to be a trust officer.

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Systems and Machines: One of the first considerations in setting up trust records is a good filing system. Each trust account should have separate files such as legal, miscellaneous, income tax, investment, etc. There are several good filing systems on the market, and I suggest you work out the system best suited for your particular operation. As for original documents, they should never be kept in your working file. A good filing system will impress not only clients and professional groups, but will signify the type of work being done in your department.

More Highlights to Come

Panel discussions were conducted during the conference on "Keough Funds," "Problems of Small Trust Departments," "Problems of Medium Trust Departments," and "Estate Planning." A digest of these panels will be carried in the A.B.A. Trust Bulletin, probably in the April issue. All other prepared talks will either be carried in full or in digest in the March and April Bulletin.

Included in this brief summary of highlights of the conference are these additional excerpts:

Minimum Requirements for the Operation of a Trust Department: At the meeting of the A.B.A. Trust Division's Committee on Relations with Supervisory Authorities in December. 1958, the minimum requirements were offered as a possible means of assisting the smaller trust departments. The minimum requirements were presented to the executive committee of the National Association of Supervisors of State Banks and were approved by that body, and the Federal Deposit Insurance Corporation was authorized to distribute the minimum requirements to all state banking departments.

The Trust Division distributed the minimum requirements to all of the chairmen and secretaries of the various trust divisions of the state bankers associations.

Selection of Trust Officer First Important Step . . .: If there is no one presently in the bank, or a local resident, available for the position, then it will be necessary to bring in a stranger. It would be my preference to try to get some one from another

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trust department. The amount of compensation which you are prepared to pay will have an important bearing here. I would assume that for the same salary you would have the choice of getting the head of an already existing trust department in a small bank or of getting a junior officer from a large trust department. If the head of a small trust department has been doing a good job, he should be preferred to a junior officer from the large trust department for the reason that he will have more experience in running a denartment and should have a broader knowledge of trust work.

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Profitability: The small trust business is profitable to banks when cultivated with especially designed services built around more imaginative uses of the common trust fund. If banking industry is interested in the profitable development of small trust business, it must first try to find out the special needs of the market it is trying to serve. Only then can it decide whether or not it is properly equipped to fill them.

A small survey of 100 trust officers to determine what was the smallest trust business they would solicit revealed that 14 banks solicited estates of under \$20,000 and nine solicited trusts of this size.

Group Relations: There are now 102 estate planning councils and life insurance-trust councils in the country, with new ones being organized every year. Most of them include attorneys, accountants, life underwriters, and trust officers in their memberships. These are mutual undertakings, not an attempt of one group to ride piggyback on the efforts of another. Their goal is better estate planning and better service to clients and customers. The members attempt to help each other keep pace with new developments in this field

If there is an estate planning council on your city, you should join it and participate actively in its affairs. If not, then I suggest that you organize

Pension Plan Funding: Much of the changing accent in pension funding is due to salesmanship which exploits the psychology of that which is currently fashionable-rather than being due to intrinsic merit based on any fundamental change in the underlying economy. However, you might say that substantial changes in stock valves and relative yields on stocks and bonds, for example, do lead to new sales techniques, regardless of how unscientific or even unsound the fashionable gimmicks may be.

Because of the tremendous publicity which the banks have given to their specialized investment services in recent years, and to the better informed opinions of counsel, accountants, and businessmen themselves, I do not look for the initiative to pass back to the insurance companies. Trust fund exponents faced a far more difficult job when they first entered this field actively, against the concerted efforts of the greatest sales force known. The trustmen have won on the merits of their product and education. . . .

Clearing House Luncheon

The New York Clearing House Association, as is its custom, was luncheon host to the 2.361 trustmen from 45 states, the D. of C., and several neighboring countries. Albert C. Simmonds, Jr., member of the Clearing House Committee of the NYCHA, and chairman, The Bank of New York, extended greetings. Gardiner Symonds, chairman and president, Tennessee Gas Transmission Company, Houston, Tex., spoke at the luncheon on the gas industry as an investment medium.

In the past 15 years, Mr. Symonds said, the natural gas industry had probably had a greater degree of growth than any other major industry. "That growth is still continuing," he said. "The industry believes it will double in the next 10 years."



. . builds experience! And City National has been called upon to plan many successful pension and/or profit-sharing programs for a wide variety of businesses. A special division of our Trust Department has built a wealth of experience, pioneering and perfecting standardized pension and profit-sharing plans. We've helped many businesses adapt these proven plans to their special needs at considerable savings in "set-up-cost"; a "trade-secret" we are glad to share with our more than 1,000 correspondent banks.

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Teaching Banking in High Schools

LEE ERHARD

MR. ERHARD is vice-president of the Fourth National Bank in Tulsa, Okla., and has taken an active part in developing the banking educational program.

Okla., are learning the fundamentals of banking and credit in their classrooms this year under an educational program created by the Tulsa Chapter of the American Institute of Banking in cooperation with the Tulsa public school system.

While it was the A.I.B. chapter that worked out details for the plan, members of the Institute in Tulsa are quick to point out that the program never would have got off the ground without the cooperation given enthusiastically by the American Bankers Association, the Oklahoma Bankers Association, and members of the Tulsa Clearing House Association.

Now, with all those groups participating, the student "know your banks" program has successfully been flight tested through the first semester of the 1959-60 school year and officials of both public and parochial schools of Tulsa are eager to accept it as a permanent part of their curricula.

Steps in the Program

Here, in brief, is what is being done for the high school students:

 Representatives of the city's various banks serve, in rotation, as speakers before student classes.

(2) Specially - written booklets, published by the Oklahoma Bankers Association, are given to the students in those classes.

(3) The lectures are illustrated by the use of a large flannel board demonstration, graphically giving the students the story of banking and credit.

(4) Special films dealing with the fundamentals of banking—furnished by the American Bankers Association and given to the Tulsa schools by the Tulsa A.I.B.—also are used in the classrooms.

Heading the school program for the banks in Tulsa is Lois L. Neigh-



In order that the future customers of Oklahoma banks—the high school seniors—may know more about a free enterprise banking system, the Oklahoma Bankers Association has urged 100% cooperation of its members in making available to the state's schools the association's 31-page booklet, "Your Oklahoma Banks." In the picture above Mrs. Neighbors, right, reviews this booklet with Allie Dale Lambert, supervisor of Business Training and Student Placement, Tulsa Public Schools, and Dr. Hudson

bors, vice-president of the National Bank of Commerce, who is chairman of the Tulsa A.I.B. Chapter's Educator-Banker Program Committee.

Months of preparation for the program went into the committee's work before the actual classroom work started last fall.

"The clearing house banks of Tulsa which are financing the purchase of the Oklahoma Bankers Association textbooks have told us they will back us all the way," according to Mrs. Neighbors, "while school officials have offered their cooperation in any way possible to further the program."

Student Reaction

In the schools, the program concentrates on senior students in business education classes. During the first semester it was offered, 830 of the banking textbooks were given to the students, 25 flannel board lectures were made before as many groups and classes, and the special films were shown repeatedly in all city high schools.

What do the students, themselves, think of the program?

"They have been quite receptive to the flannel board presentations," says Dr. Jess S. Hudson, assistant superintendent of instruction of the Tulsa Public School System.

What the Instruction Includes

The six films presented to the schools are "Pay To The Order Of," "How Banks Serve," "Money Talks," "Using Bank Credit," "How To Use Your Bank," "Future Unlimited." The basic talks given include:

"Banks In Action," "Using Your Commercial Bank," "The Story of Money and Banking," "American Banking Development," "Banks Are Better Than Ever," "Popular Misconceptions About Banks and Bankers," "The Story of Credit," "Bank Credit," "A Career In Banking," "Be a Banker," "It Pays to Save," and "Personal Money Management."

Co-chairmen of the chapter's speakers' bureau are Ted R. O'Shea, assistant vice-president, First National Bank & Trust Co., and E. A. Fitzgerald, vice-president, Farmers and Merchants State Bank. Virginia Domingoes, National Bank of Tulsa, is co-ordinator of the flannel board demonstration.

President of the Tulsa Chapter this year is Mary Butler of the Fourth National Bank of Tulsa. Ca

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Drive-In drives out traffic problem!

George T. Nelson, Assistant Cashier of Central National Bank and Trust Company of Des Moines, says, "The only way to handle the traffic was with a Mosler-equipped drive-in facility. We thought our new drive-in would handle the same number of transactions as the previous installation. Instead, each of the four Mosler drive-in windows did the same amount of business! The four windows handled well over 5000 customers in December."

Says Robert K. Goodwin, Chairman of the Board: "The basis for our phenomenal growth is warm customer relationships. Our customers needed the convenience of a drive-in facility, so we gave them one."

E. F. Buckley, President, says, "We are most satisfied with Mosler equipment. The electrically operated deposit drawer efficiently serves small and large cars...even trucks. We used Mosler equipment exclusively. It's trouble-free and has won many satisfied customers."



"This Mosler walk-up window really surprised us. Even though the main bank is just up the street, it averaged a transaction every two minutes in the month of December."

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From the largest bank vaults to the smallest safe deposit boxes, Mosler design and manufacturing experience is at your service. Write for information on any kind of customer convenience and protection equipment.



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News for Country Bankers

(CONTINUED FROM PAGE 76)

banks could cooperate in providing trust services. Mr. Foster, who was formerly vice-president and trust officer, First National Bank of Birmingham, spoke at the 41st Mid-Winter Trust Conference of the American Bankers Association.

Every community includes people who find themselves considering the question of what will become of their estates when they are no longer available to look after them. A solution to this dilemma, Mr. Foster points out, is a Coordinated Trust Plan. He said:

Under the Coordinated Trust Plan, that I have advocated so long, the local country bank designates some junior officer as trust officer and proceeds to apply for trust powers. From that point on, the procedure is as follows:

The trust officer, who is chosen almost exclusively because of his ability to meet the trust prospects on the proper basis, proceeds to spread the word among the directors and large

depositors that "our bank" is now qualified to render trust services under a Coordinated Plan with the . . . National Bank of . . ., which bank has a trust department equipped to render every trust service that may be needed. He works out a time when the estate planning man from the city bank can come down and spend the day interviewing prospects of the country bank. The trust officer arranges these dates at proper intervals, and the prospects come in to the bank where the estate planning man from the city bank talks to each one in turn in the presence of the local trust officer. Thus, the local trust officer rapidly learns the technique of selling trust services, while the prospects are being sold. In addition to such interviews every few months, the city bank agrees to place the names of the prospects of the local bank on the trust mailing list of the city bank to receive all direct-mail trust advertising from the city bank.

There are times when bankers cannot make available to a client the full amount of money desired.

In many such cases Commercial Factors can assist the banker in rounding out a sound financial program. Whether on a short-range or long-range basis, on a participation arrangement or otherwise, we offer a wide range of credit and financial services. These include—

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Supplementing these forms of financing, we make funds available to our clients on a secured or unsecured basis to support inventory, for machinery purchases, plant expansion programs, mergers, acquisitions, etc.

Our relationship with leading bankers has always been one of mutual profitability. We welcome inquiries regarding our services, and will be pleased to send a copy of our current statement. Call or write directly to Mr. Walter M. Kelly, President.

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How the Trust Plan Works

Now let us see how this works. The country bank is qualified to perform most of the services as executor, such as probating the will, securing the issuance of the letters of administration, handling the local real estate, voting the stock of the local corporation, etc. The city bank makes the estate and income tax returns; invests the proceeds of life insurance; takes control of the listed stocks, bonds, and cash; and sets up the bookkeeping on the account. In such a case as this, the city bank has no contact with the beneficiaries whatever. A local lawyer drafts the will and serves as attorney for the estate. Local insurance underwriters retain contact with the estate; and after the testator's death, the commercial bank account of the estate remains with the local bank.

The fees are divided on the basis of the work done. The local bank usually controls the division of work.

The plan works best between a very large bank on the one hand and banks having no trust departments or ones that are very small on the other. For example, our bank has correspondent accounts from over 87% of the banks in the state. Most of these banks have no trust departments, nor are they interested in going into trust work. But they do want to have trust services available to their customers. As a result of working with these local bankers, or at least working in their communities with their knowledge and approval, we now have been appointed in some trust capacity by 250 persons from such communities outside of our immediate banking area. Of that number, about 50 have some variation of the Coordinated Plan.

(CONTINUED ON PAGE 100)

Look into the profit opportunities in your bond account



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You will find him always abreast of current market conditions, and well informed on the use of U.S. Government and tax-free municipal securities.

Whether you would like bond investment advice, portfolio analysis, assistance in the management of your bond account, or adjustments in your holdings for tax purposes, a specialist from our Bond Department will be happy to work with you personally at any time. Phone or write for full information. An officer will visit you in your office at your convenience.



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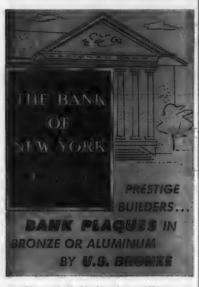


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Loan Supervision Pointers

A POLICY of financing the operation rather than making a loan goes a long way toward collecting the loan," said Dr. Walter J. Wills, chairman of the Agricultural Industrial Department, School of Agriculture, Southern Illinois University, in a recent discussion of "Farm Loan Supervision" at a workshop on the Carbondale campus.

Dr. Wills summarized his main points in this 8-point conclusion:

"(1) Sound loan analysis and setting up the loan properly are probably the most important steps in loan supervision. Have as a goal financing the operation, not making another loan.

"(2) A thorough understanding of the loan terms and responsibilities of both parties will also contribute much to sound loan supervision.

"(3) Systematically follow up on the repayment program to avoid opportunities not to comply with loan terms.

"(4) Make periodic farm visits at least annually or more frequently if developments require or suggest it.

"(5) Place in the customer's file all available current information.

"(6) Periodically, at least annually, review the files on all outstanding accounts, preferably about six months after the credit examination.

"(7) Know the suppliers and buyers patronized by your customers.

"(8) Keep abreast of local developments that may affect each of your customers.

"In combination with the above factors develop a feeling of respect and confidence with the borrower. He should be able to consider his lender as an expert in farm financial management."

FAST TRIP

We know full well where our money goes,

Since the record clearly shows where:

What keeps us dazed, and nearly crazed

Is the speed with which it goes there.

STEPHEN SCHLITZER

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VERSATILE DATA PROCESSING

ADDING MACHINES - CASH REGISTERS

ACCOUNTING MACHINES - NCR PAPER

Housing and Mortgages

(CONTINUED FROM PAGE 89)

to abdicate their historical position and forfeit leadership to competing financial institutions, they must take a keener interest in mortgage lending and plan increased participation in this vitally important field.

Some people have been apt to consider morgtages, because of their long-term nature, nonliquid or so-called frozen investments. This past year, I imagine many bankers have been obliged to change their think-

ing about what may or may not constitute a frozen investment. . . . The recent trend of the Government bond market may have convinced many bankers that good amortized mortgages, either conventional or Government-insured or guaranteed, may possess investment characteristics in many ways superior to Government bonds. We should bear in mind the fact that even if certain types of mortgages cannot be sold at par, nevertheless, their yields to the investor carrying them are considerably higher than Government bonds

selling at similar prices. I am not trying to make a case against Government bonds as an investment for banks. I am trying to point out though, that mortgage loans, properly made, offer very satisfactory yields and, in many cases, are readily marketable at par or nearer par than many issues of Government bonds.—Mr. Steffensen is executive vice-president, First Security Bank of Idaho N.A., Boise, Idaho.

Long-Term Investment —Harry G. Baldwin

BY maintaining a firm and continuing position in the residential mortgage loan field, we all will contribute to the home-building industry, which, directly and indirectly, furnishes employment to nearly 3,000,000 persons, as well as developing a loan portfolio for the bank which will provide stability, liquidity, and an attractive yield.

Frequently a bank finds it is reaching its limit with respect to real estate loans. Such banks, rather than withdraw from this important market, may consider establishing contacts with long-term lenders . . . whereby blocks of mortgages may be sold, with the originating bank to retain servicing and all customer contact.—Mr. Baldwin is vice-president, Washington Mutual Savings Bank, Seattle.

FHA, VA, and Conventional —Ralph E. Bruneau

WHILE I rate FHA loans high, when it comes to safety, liquidity, and yield, I wish to cite these disadvantages:

The fixed interest rate which is now and has been for some time in the past unrealistic in the free market, necessitating the discount practice, which many institutional lenders do not care to employ; the long delay in procuring a commitment to insure from FHA; and the many involved forms and procedures that have grown up and multiplied over the years.

When it comes to the yield factor, we find that here a properly made and managed portfolio of conventional loans can give us our greatest return. The rate can be adjusted immediately to the market.—Mr. Bruneau is vice-president, Valley National Bank, Phoenix.

(CONTINUED ON PAGE 104)



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Name

Bank Address (CONTINUED FROM PAGE 102)

Originating and Servicing -Willis R. Bryant

Leading bankers have expressed differing opinions as to whether mortgage loan originating and servicing for others could be an important and profitable operation for commercial banks. The potential in this field is good.

Banks which have already been doing this business have increased earnings to such an extent as to justify fully the taking on of this role in the mortgage lending industry.-Mr. Bryant is associated with Bryant-Johnson Mortgage Company, San Francisco.

Interim Financing and Construction Lending -Joseph R. Jones

The local bank can well serve the needs of its community and assist in promoting sound economic growth with a program of interim financing through the mortgage banker or in the making of temporary construction loans with proper safeguards and commitments from a responsible purchaser of the permanent loan. Not only does the bank assist the community in general, but it also assists its friends in the mortgage banking field . . . Not the least of benefits is the substantial earnings to the bank in interest and fees.

The oldest and probably the safest type of lending classified as interim financing is the granting of loans to a mortgage loan correspondent and taking as security for such loans an assignment and pledge of the real estate loans being made by the loan correspondent for the life insurance company which it represents.-Mr. Jones is vice-president, Security-First National Bank, Los Angeles, and a member, Real Estate Mortgage Committee, A.B.A.

January Construction Holds

THE value of new construction put in place in January 1960 amounted to \$3.7-billion, according to Bureau of the Census estimates. This was 8% less than in December 1959, but 1% above the January 1959 level. The decline from December to January was less than the normal seasonal change for that brief period.

Total new private construction expenditures in January 1960 amounted to \$2.7-billion, 10% less than the \$3.1-billion in December 1959. How. ever, this was less than the normal seasonal decline between December and January and the January 1960 value was 6% above the January

Construction contracts in the United States (excluding Alaska and Hawaii) in 1959 set an all-time record of \$36.3-billion, according to the F. W. Dodge Corporation, despite declines in the last five months of the vear.

The total record for the year was 3% ahead of 1958, the previous record year, Dodge reported.

January Starts Are Down

NEW nonfarm housing starts declined from 83,700 in December 1959 to 75,900 in January 1960, or 9.3%. reports the U.S. Census Bureau. The decline in starts from the January 1959 total of 87,000 was 12.8% in January 1960.

Private starts in January 1960 totaled 74,800, compared with 83,100 in December, or a 10% drop, Based upon the January figure of 74,800. the seasonally adjusted private starts are given by the Census Bureau as 1,330,000.

Mortgage Delinguency

BORROWERS in arrears in their mortgage payments showed an increase last year over 1958 but by only a fractional amount—the overall national ratio of delinquency was 2.34%, as against 2.33% at the end of 1958, according to the delinquency survey of the Mortgage Bankers Association of America. The survey covered 2,701,406 loans as against 2,523,012 a year ago. In 1957, the loan delinquency was 2.15% and the previous year 2.27%. These are overall figures covering delinquent mortages one, two, and three months in arrears.

Comparable data for the different classes of mortgages reflect that the mortgage credit structure during the past year has not weakened to any measurable degree.

GI mortgages show a delinquency ratio of 2.16% for one month in arrears, but dropped to .48% for two months, and .30% for three months or more.



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Sound Thrift Incentives Planned by A.B.A.

PROVISION of additional sound incentives for thrift by the nation's commercial and savings banks is the prime 1960 objective of the American Bankers Association's Savings and Mortgage Division Committee on Savings Promotion and Development, according to Chairman C. Arthur Hemminger.

"The current level of liquid savings is approximately \$9-billion short of the amount needed to meet the full requirements of our national economy," said Mr. Hemminger, who is vice-president and public relations director of First National Bank in St. Louis.

"As our economy continues to expand," he said, "current savings will fall still farther short of the mark unless our people are increasingly stimulated to save.

"It is important for banks and other thrift institutions to stress the

need for saving because an adequate supply of liquid savings would alleviate the tight money situation, and this would result in more favorable interest rates on loans without Government regimentation or inflationary injections of new money into our existing market economy through Government financing.

"The savings of the American people historically have been a spearhead of our national economic expansion."

Mr. Hemminger said that bankers will be urged, as a particular point of emphasis, to assume the responsibility of advising their customers with respect to the handling of personal finances.

The committee will supply A.B.A. member banks throughout the year with savings promotional aids and information based on the theme, "The Bank Is the Saver's Best Friend," Mr. Hemminger said. He also noted that an A.B.A. motion picture on personal money management is planned and that special efforts will be made in cooperation with the Division's Committee on Youth Thrift Education to encourage more banks to establish both school savings and youth thrift programs.

Committee Members

Other members of the Committee on Savings Promotion and Development are: Ralph F. Bagwell, vicepresident, South Carolina National Bank, Columbia; Walter H. Bischoff, vice-president, Old National Bank, Evansville, Ind.; H. Clinton Gadsby, vice-president, Industrial National Bank, Providence, R. I.; James R. Hand, vice-president and sales manager, National Bank of Westchester, White Plains, N. Y.; J. Lewell Lafferty, vice-president, Republic National Bank of Dallas, Tex.; Benjamin F. Louis, vice-president and treasurer, Newton (Mass.) Savings Bank; Granville S. Morgan, vicepresident, Philadelphia (Pa.) Saving Fund Society; Jason W. Stockbridge, president, Central Savings Bank, Baltimore, Md.; Donald L. Thomas, vice-president, The Northern Trust Company, Chicago; and Robert Wekesser, vice-president, National Bank of Commerce, Lincoln, Nebr.

BOGUS BILLS AND BOONDOGGLING . . .



The appearance of counterfeit money in the cash registers of Jacksonville merchants during the holiday season of 1959 brought disappointment and concern to many who found themselves holding worthless paper in exchange for solid merchandise.

Fortunately, the U. S. Secret Service does a good job in protecting the public from counterfeit money—but it takes more than the Secret Service today to pro-

tect the public from the insidious declining value of legitimate currency caused by inflation.

Today, more money than ever before is being circulated at an accelerated rate. This should take care of the growing needs of an expanding economy—but it's not doing so. The demand for credit, both by an increasingly paternalistic government and by private borrowers, is outrunning our productive capacity. The demand for wages is getting ahead of our ability to produce.

Let's not let our good money get further tainted by the false color of inflation. Let's be sure that we earn what we get in our pay envelopes; let's not spend more than we earn . . . and let's insist that our national and local governments get full value for the dollars they put out, and not run us further into debt with growing deficits.

The BARNETT NATIONAL BANK

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John G. Feringa, AVP, Old Kent Bank and Trust Company, Grand Rapids, Michigan, says:

ACCLAIMS SUCCESSFUL MAGNETIC INK ENCODING

OLD KENT BANK

ON BANK PREMISES

"Old Kent Bank and Trust Company has demonstrated that on-premise printing in magnetic ink can be accomplished successfully at very little additional cost."

"The feasibility of attempting on-premise printing in magnetic ink characters has been questioned by many bankers. However, Old Kent Bank and Trust Company has demonstrated that onpremise printing in magnetic ink can be accomplished successfully at very little additional cost."

"The cost increase of printing in magnetic ink is less than 1¢ per filler over the cost of printing the name only by our previous method. In all respects, therefore, our experience with magnetic ink printing has been most favorable."

"We numbered our 20,000 special checking (ThriftiCheck) accounts. Thrifti-Check Service Corporation supplied us with 46M Imprinters for the printing of name, transit number-routing symbol and account number on checks and deposit slips in magnetic ink characters."

"The proof of the pudding came three months after our program was put into effect. We processed seven thousand sample checks through the magnetic character sorters of three manufacturers. The results were most gratifying.

For a copy of Mr. Feringa's complete report, write to:

THRIFTICHECK SERVICE CORPORATION 100 Park Avenue, New York 17, N. Y.

Thirty-eight checks or ½ of 1% were rejected by the sorters; each one we had previously marked as a probable reject. Fifty to sixty other checks similarly marked were correctly sorted without difficulty. Thus, our confidence that on-premise printing in magnetic ink could be successfully accomplished in our Bank was fully justified."

"To make provision for new accounts we ordered 25,000 consecutive account number slugs and 500 transit number slugs; the account number slugs are used for each order of checkbooks. The transit number slugs are locked in the imprinter and only replaced daily. Each account number slug was verified for accuracy and inserted in the sleeve with the name slug. As check orders for new accounts are received, the pre-cast account number slug is placed with a new name slug in the file. Consequently, every ThriftiCheck account has its name and account number slugs on file."



Operation of the Imprinting and Encoding Department is smooth and efficient. The 46M Imprinter is compact and can be operated with bank personnel.

Royal Bank Appointment



J. K. Moore

The appointment of J. K. Moore as Chicago Correspondent is announced by The Royal Bank of Canada. He succeeds John Scholes who has been named Manager of the bank's important Yonge & Richmond Branch in Toronto. Mr. Moore has had extensive banking experience in Canada and for the past four years has been attached to the Business Development Department in Toronto.



NEW IMPROVED TELLER'S BUS

Ideal for new branch offices, drive-in window and multiple teller uses. Roll under counter —ready for service. Add units without expensive installation cost.

- Heavy (18 gauge) reinforced furniture steel.
- 191/2" W x 22" D x 371/2" H.
- Drawers mounted on ball bearing suspensions.
- Hidden casters 4" ball bearing, rubber tired.
 Front swivel rear fixed.
- Lustrous gray finish. Handles and thumb latches of stainless steel.

Model TR14 \$195.00

See your ABBOTT catalogue for complete line of Banking Equipment.

ABBOTT COIN COUNTER CO., INC.

100 Riverdale Avenue Greenwich, Connecticut CONTINI

(CONTINUED FROM PAGE 30)

Bank of the Southwest, Houston, Tex., entertained 600 correspondent bankers and their wives at its 12th annual party, hosted during the Fat Stock Show and Rodeo season. The program, of course, included a rip-roarin' rodeo performance and other Texas-style doin's.

HACKENSACK (N. J.) TRUST COM-PANY opens its South Hackensack-Teterboro office.

BANK OF PORTLAND (Ore.) merges into SECURITY BANK OF OREGON.

WORCESTER (Mass.) COUNTY NA-TIONAL BANK opens its new Greendale office.

CASA LINDA STATE BANK, Dallas, Tex., becomes First Citizens Bank.

South Park National Bank, Houston, Tex., opens for business.

UNION BANK AND TRUST COMPANY, Grand Rapids, Mich., opens new Chi-(CONTINUED ON PAGE 110)

Four Named to Trust School Posts

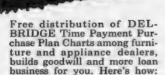
THREE nominations to its faculty committee on admissions and one to its board of regents have been made by the National Trust School sponsored by the Trust Division of the American Bankers Association.

Reese H. Harris, Jr., executive vice-president at The Hanover Bank, New York, William F. Lackman, vicepresident of Morgan Guaranty Trust Company, New York, and Gilbert T. Stephenson, a director of Planters National Bank and Trust Company in Rocky Mount, N. C., have been named to the committee on admissions. William S. Dillon, vice-president of The American National Bank and Trust Company of Chicago, has joined the board of regents.

The school will hold its first session August 8-26 on the campus of Northwestern University, Evanston, Ill.

Build Goodwill (and Your Loan Business) with

DELBRIDGE TIME PAYMENT PURCHASE PLAN CHARTS!

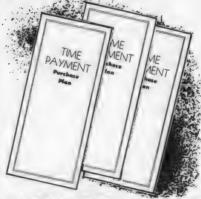


Your organization name imprinted on the charts constantly reminds dealers of your courtesy in giving them the charts—makes you a logical and natural choice for their loan business.

Charts are available in eight rates: 4%, 5%, 6%, 7%, 8%, 9%, 10% and 12%. Cover unpaid balances for \$1.00 to \$2,000.00 repayable in 6, 12, 15, 18, 21, and 24 months. Based on level-yield discount plan with \$5.00 minimum charge and adjusted to equalize all monthly payments. Size 8½ x 11". 25¢ to 12¢ each based on quantity purchased. Imprinted with your name and address on cover, if desired.

Mail coupon for FREE sample chart!

Serving Banking Institutions Since 1890



FREE SAMPLE CHART!

Delbridge Calculating Systems, Inc. 2502 Suiton Ave., St. Louis 17, Me. Without obligation send more information and a FREE Time Payment Purchase Plan Chart (specify rate wanted). %

Name						 ,								1	Γi	tî	0			
Company	0	•		•	•			•	•	•										

Address......Zone..State....



In the time it took you to "process" the baby last night...our night staff processed 4,000 cash items

Even if you're an old hand at this sort of thing, it probably takes you eight sleepy minutes to powder, pin, and pamper the baby back to sleep.

During those eight minutes, our night staff processes some 4,000 cash items. We average 500 a minute.

This means that many of the checks air-mailed to us in the afternoon are available funds by the following morning.

Our correspondents from coast to coast find this speed a very important advantage.

You and your customers will, too.

We'll be happy to send you full details, or have one of our people drop in at your office in person. Call us at STate 2-9000.

CONTINENTAL LLINOIS NATIONAL BANK & TRUST COMPANY OF CHICAGO

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Member F. D. I. C.

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- Special attention to collections
- Accurate and dependable credit information service

TOTAL ASSETS:
More than \$800 Million Pesos
(Approximately US. \$125.000.000)



Imports

Exports

1958: US. \$276.500.000 US. \$409.500.000 1959: US. \$377.130.000 US. \$418.089.000



130 BRANCHES



BANCO DE BOGOTA
ESTABLISHED 1870 PROGOTA, COLOMBIA S. A.

What Do Your Rates
Really Earn?

The American Book of SIMPLE INTEREST YIELDS

Price \$25 per copy, postage prepaid.

AMERICAN CHARTS COMPANY Box 12213 - Atlanta 5, Georgia



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cago Drive-Godfrey office in the city of Wyoming.

FIRST NATIONAL BANK OF SPARTA, Ill., celebrates its 75th anniversary.

THE NEW ALEXANDRIA NATIONAL BANK merges into First National BANK in Greensburg, Pa.

Newly-organized BANK OF ROLL-ING MEADOWS, Ill., opens for business.

PEOPLES TRUST AND SAVINGS BANK, Green Bay, Wis., joins THE MARINE CORPORATION, Milwaukee bank holding company.

BANK OF WHITTER AND THE FIRST NATIONAL BANK OF VERNON both merge into CITIZENS NATIONAL BANK, Los Angeles, Calif.

Newly - organized CITIZENS NA-TIONAL BANK OF SANDY SPRINGS, GEORGIA, holds December opening.

FIRST NATIONAL BANK OF ARIZONA, Phoenix, opens permanent Pine Grove office.

MANUFACTURERS TRUST COMPANY, New York City, announces opening of its 115th branch; location, Brooklyn.

THE BANK OF DOUGLAS, Phoenix, Ariz., opens Glendale office. Office in Chandler has been authorized; its completion in summer of 1960 will bring the bank's authorized branch total up to 32.

MERCHANTS NATIONAL BANK OF TERRE HAUTE, Ind., opens South Third branch.

MEADOW BROOK NATIONAL BANK OF NASSAU COUNTY, West Hempstead, N. Y., opens Albertson office.

FIRST NATIONAL BANK OF ALTOONA, Pa., opens Pleasant Valley Shopping Center branch.

NEW BERLIN (Wis.) STATE BANK, newly organized, opens for business.

CITIZENS & SOUTHERN NATIONAL BANK, Atlanta, Ga., opens new Broadview Plaza office.

ELECTRONIC BANKING

(CONTINUED FROM PAGE 44)

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MARINE MIDLAND BANKS in New York State are installing an account numbering system. A procedure to take full advantage of magnetic ink character recognition is being designed. Nineteen semi-automatic electronic bookkeeping machines are in use at nine of the offices, says the report of the Marine Trust Company of Western New York.

THE CHASE MANHATTAN BANK. New York, said that it had gained "much valuable experience" in the use of electronic data processing equipment through the operation of a computer installed early in 1959. This equipment processes the clerical payroll and maintains the complex records of the employees benefit program. Studies are now under way for a more complete utilization of the computer in other departments. including instalment credit and the charge plan. Studies are also being conducted as to the feasibility of using computers for personal trust accounting and stock agency work. As previously reported, this bank is adopting a centralized automated check handling system using medium scale computers and will use the MICR method recommended by the A.B.A. As a preliminary to full automation, account numbers are being assigned to all check accounting.

THE SOUTH CAROLINA NATIONAL BANK, CHARLESTON, last year completed the first phase of a long-range program of using automated accounting equipment. Earnings and expense accounting for the entire system was centralized and converted to punch card procedure effective January 1, 1960. "Other appropriate activities will be gradually converted on an orderly schedule," said the report, adding: "A revised uniform accounting system for commercial loans of the entire system is being installed and will offer improved records and simplification of loan review at all levels of management."

THE FIFTH THIRD UNION TRUST COMPANY OF CINCINNATI told stock-(CONTINUED ON PAGE 115) **PROTECTED**—A foul tip...a wild pitch...a base runner with flashing spikes...all make the catcher need maximum protection.



When it comes to finance...

DEPEND ON ST. LOUIS TERMINAL for MAXIMUM LOAN PROTECTION

SLT Warehouse Receipts are becoming more popular with bankers everywhere, to increase protection on present and new loans. Your SLT Man can explain how any type of marketable inventory becomes sound collateral when it's backed by SLT receipts. Get the facts. Call your nearby SLT office now.

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Send for Fact-Filled Brochure on Burroughs Dual Printing Bank Bookkeeping Machine. The equipment: Our F-5212 Dual Printing Bank Bookkeeping Machine—the first and only fully automatic electro-mechanical bookkeeper with dual printing. The results: Sharply increased volume through faster printing time, through the machine's automatic operation, and through a 33½% reduction of the posting cycle. Greater versatility through an increase of up to 100% in the machine's programming capacity. Investment protection: Burroughs liberal lease terms and guaranteed trade-in allowances that permit economical progressive automation to any level you wish.

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TO AUTOMATE BANK BOOKKEEPING . . .

... with advanced electronic techniques

The equipment: Our F-4232 Dual Printing Electronic Bank Bookkeeping Machine with optional Automatic Reader—banking's most comprehensive electronic bookkeeper, proved in bank after bank. The results: Electronic automation of the posting job from form alignment, account verification and balance pickup to complete proof of posting accuracy. Also, fast balance transfer and automatic trial balance via the Automatic Reader. Investment protection: Burroughs liberal lease terms and guaranteed trade-in allowances that permit economical progressive automation to any level you wish.



Send for Fact-Filled Brochure on Burroughs Electronic Bank Bookkeeping Machine.

Burroughs Corporation

"NEW DIMENSIONS / in electronics and data processing systems"

Detroit 32. Michigan



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we*provide letters of introduction to our branches and connections overseas.



THE FIRST NATIONAL CITY BANK OF NEW YORK, of course! Member Federal Deposit Insurance Corporation, naturally

(CONTINUED FROM PAGE 111) holders that its data processing staff had started the final design for an electronic system. "Fortunately, we were able to select nearly all of our staff for this department from within our organization. This group of people has an average of over 11 years experience in banking and are well qualified for their work."

NATIONAL BANK OF COMMERCE, CHICAGO, noted: "Our bank over the years has kept abreast of the rapid progress in the fields of automatic and electronic equipment. Such equipment has proved most efficient and is installed in our operating departments whenever it meets the bank's requirements. These steps will make possible substantial savings in time and money as the bank's automation program continues."

REPUBLIC NATIONAL BANK OF DAL-LAS, reporting that for more than two years several staff people have devoted all their time to the study of techniques and procedures of data processing, said that an electronic computer was installed in 1959 and that plans included use of magnetic ink character checks and of processing equipment by late 1960.

BANKERS TRUST COMPANY, NEW YORK, reporting that it had been the first bank in the city to issue to its customers coded checks imprinted in magnetic ink, said that at the yearend some 30% of its accounts were receiving checks thus prepared. The report pointed out that Bankers' mechanization program started 25 years ago when the first punched card equipment was installed. It added: "Proper equipment can facilitate growth, but ultimately all continues to depend on the loyalty, dedication and plain hard work of the men and women behind desks. machines, and elsewhere in our widespread organization."

ROCKLAND ATLAS NATIONAL BANK OF BOSTON informed stockholders: "During 1960 we will be explaining more about magnetic ink as we prepare to have our checks imprinted with magnetic ink characters... Although it will be probably two years before full advantage from such equipment can be obtained, our Methods and Research Depart-

ment has been studying this problem for some time. Their study will help us in the best choice of equipment for our purposes . . .

AMERICAN FLETCHER NATIONAL BANK AND TRUST COMPANY, INDIAN-APOLIS, told stockholders it had ordered a "most advanced" electronic accounting system. Some of the units will be installed in 1960 and the complete installation is expected to be at work early in 1961.

THE FIRST PENNSYLVANIA BANK-ING AND TRUST COMPANY OF PHILA-DELPHIA is in the process of converting special checking accounts to fully electronic operation, and expects delivery of the second complement of equipment in mid-1960. The bank will then start conversion of its regular checking account book-keeping.

CROCKER-ANGLO NATIONAL BANK, SAN FRANCISCO, notes completion of plans for acquiring additional electronic equipment for a future data-processing center in that city. The bank has started the printing of "common machine language" symbols on checks at several offices, and plans to extend it gradually.

MANUFACTURERS AND TRADERS TRUST COMPANY OF BUFFALO has a modern electronic system servicing its bookkeeping and accounting. A complete reference record of every checking, savings and safe deposit account is maintained.

Girard Trust Corn Exchange Bank, Philadelphia, told its automation story on this page of the report

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These odd-shaped numbers comprise the "common machine language" which will enable banks all over the country done to some paper checks and to perform checking account bookkeeping entirely by electronic machines. These numbers are already appearing along the lower edge of many bank checks, remended to second manuscut lank which constant metallic

bank checks, printed in special magnetic inks which contain metallic particles. The peculiar design of each nameral gives it a printed metallic weight of its own which can be "read" electronically. The design of the numbers was warked out by a national committee

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Depositions will use checks persumbated in code to show the general properties of the code persuappear of the lookkeeper's appropriate properties of the code persuappear of the code persuappear to the code persuappear of the code persuappear of the code of the code

statement sech month.

Act Guard was ze complexing preliminary steps required before banks
can effectively use an automated checking account gratern. We have certrailed in one office all biokaletegoing for 6,4000 checking accounts; we
are assigning sorting outliers to all accounts, we are preprinting magnetic
members on many checks. Our Research Devisions in now condesting studies
of the comprising models of 'electronic brains' or computers, one of which
will be installed by the time full and effective use can be made of it:

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TIME • NEWSWEEK
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SPORTS ILLUSTRATED
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- 90% Selling Commission
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THE FIRST NATIONAL CITY BANK OF NEW YORK

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Fast credit information and correspondent services...covering Southern California

55 BRANCH OFFICES TO SERVE YOU . MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

BANCO COMERCIAL ANTIQUEÑO

Established 1912

Head Office: Medellin, Colombia, South America with 49 Branch Offices in Colombia

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Reliable and responsible commercial and financial information supplied by the Banco Comercial Antioqueño is supported by our 48 years' experience in growing with Colombia, and the complete facilities of our 50 offices located in every important commercial market of the country.

We invite your inquiries.

Vicente Uribe Rendon, General Manager

Capital paid-up

\$30,000,000 — Pesos Colombian.

Legal reserves

\$33,044,000 — Pesos Colombian.

Other reserves

\$ 8,872,000 — Pesos Colombian.



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BANKING STUDIES

Branch Locations

225 East 46th St., New York 17, N. Y.

Largest paid circulation of any publication in the field ... BANKING

A Kid Gets a Job in a Bank

(CONTINUED FROM PAGE 41)

Early spring is open season for student visits to the bank, either the main office or a branch. This activity is particularly helpful in White Plains where the seniors can see the operation of a nearly-\$500,000,000, extensively mechanized bank. They operate the machines, handle the "big money" in the vault, and otherwise follow the pattern for these tours. Yes, there are refreshments. Although CTC sees many potential employees in the course of the tours, job-selling is indirect.

There's no substitute for a personto-person talk between a serious-job-minded boy or girl and an equally serious, recruit-minded banker. So in March the bank is arranging the climax of the entire program, the Career Day chats with interested students at the schools. Each branch manager handles the dates, in keeping with his school's convenience. The addresses are usually by Mr. Hyland, Miss McCarthy, or John O. Wemmlinger, assistant personnel officer.

What Nancy Heard

It was at one of these sessions that Nancy decided she wanted to be a banker. Let's play back the little talk the bank's spokesman made:

"I'm here today to visit with you about your first job, and possibly your career. I trust that some of my enthusiasm for banking will be felt by you and perhaps interest you in looking into the possibility of a banking career.

"Banks provide opportunities for the growth and development of peorle as well as of businesses. In addition to the training you receive on your job, you may improve your chances for advancement by studying while working. Banking has the largest adult educational organization in the world. Our American Institute of Banking has approximately 150,000 members and 80,000 course enrolments. Also, for persons beyond the beginner's level we have a number of specialized courses at leading colleges and universities throughout the country.

(CONTINUED ON PAGE 118)

MONROE COUNTY

532,400 people to serve.

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yet not one of them waits over 24 hours to have documents recorded!

With a work load of 300 documents per day, Monroe County manages to provide 24-hour recording service to the public.

How? This large county uses two Photostat® Continuous Recorders. These fully automated photocopiers save up to three hours per day over previous methods, according to Deputy County Clerk Kenneth T. Power.

"They do everything but think," he says. "All the operator does is position the document and push a button. Minutes later, he gets dry, collated photocopies, ready for trimming."



Monroe County also uses its Photostat Continuous Recorders to copy index books-permitting safe storage of the original index. Copying costs were cut from \$1900 for hand-copying to about \$125 today-a \$1775 saving!

For permanence and exacting detail, County Clerk James L. Wiles and Deputy Power selected Photostat Photographic Paper after comparison tests with other papers. Combined with Photostat Equipment, Photostat Paper assures consistent copies at a constant exposure time and transcribes a wide range of colors successfully -so important in copying seals, stamps, and signatures.

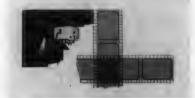
What's your photocopying problem?

We'll be glad to help you work out solutions for your own paperwork problems. Our technical representatives are specialists in planning the best photocopying meth-

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Photocopying Equipment: Choose from a broad line of models. We supply equipment for any photocopying purpose.



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Paper, Microfilm and Supplies. You can depend on getting the paper, film, and chemicals you need, in the quantities you want and at just the right time, when you standardize on Photostat. Constant research and development programs assure you products that keep up with your changing needs.



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Please send details on the following:

Photocopy Equipment Microfilm Equipment

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Sales and Service Office

Name.....Title....

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BACKGROUND

Some twenty-odd years ago, we introduced a merchandising program designed to increase the use of personalized checks and to enable banks to recover their check cost. As a pioneer, we "shouted in the wilderness" for a period of time but by 1945 the idea caught hold and a few banks even began to talk about giving away personalized checks because they had proved to be so much easier to process.

Since this would have meant the end of cost recovery, we suggested that a good compromise might be to provide free imprinted checks, when necessary, which were somewhat less in value than the fully personalized checks being sold. Accordingly, in 1945 the "line check" was introduced, which carried merely the name of the account over the signature line with no address or consecutive numbering. In the years that have intervened, we have observed that in almost any given bank the use of line checks has diminished and the sale of fully personalized checks has increased.

With the advent of account numbering systems, we were relieved of the responsibility of selling an *idea*, since any bank adopting a numerical system had to supply all accounts with imprinted checks. On the other hand, this development pointed up the need for banks to redouble their efforts to sell checks else their check expense would cut too much into the savings promised by their numerical systems. As a consequence we were, and are, busier than ever working up sales programs for our bank customers.

Now what this preamble leads up to is simply this. The wide adoption of mechanized systems, including those requiring magnetic ink encoding, should not in any way alter the objective of cost recovery. There is more reason now than ever before to sell checks. But in order to sell checks effectively, it is important to preserve quality. Any cheapening of the check package, any change that takes away from true personalization, weakens its appeal to the public. Our background tells us this and our experience record proves it.



Manufacturing Plants at:

CLIPTON, PAOLI, CLEVELAND, DETROIT, INDIANAPOLIS, CHICAGO, KANSAS CITY, ST. PAUL, DALLAS, CHATSWORTH

PHARMACEUTICAL PRODUCTS FOR THE MEDICAL PROFESSION SINCE 1888



123rd CONSECUTIVE

On February 25, 1960, the Board of Directors declared the following quarterly dividends, payable April 1, 1960, to shareholders of record March 8, 1960:

45 cents a share on Common Shares. \$1.00 a share on Preferred Shares.

Paul Gerden, Secretary

ABBOTT LABORATORIES NORTH CHICAGO, ILL.

QCf

INDUSTRIES, INCORPORATED

Common Dividend No. 161

A dividend of 62½¢ per share on the common stock of this Corporation has been declared payable March 15, 1960, to stockholders of record at close of business February 26,

C. ALLAN FEE, Vice President and Secretary February 5, 1960 (CONTINUED FROM PAGE 116)

"We recognize the need for assisting people to develop their full potential, so we encourage our staffs to take the courses by paying full costs of tuition, textbooks, etc.

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"I invite you to stop at any of our offices and talk with our manager about the opportunities. While there I suggest you look around and see the favorable working conditions, the variety of jobs, and most particularly the enthusiastic way our staff goes about getting their jobs done.

"We'd like to show you, in detail, the opportunity that awaits you in the banking business. You'll be welcome!"

The speaker makes a point of mentioning members of the school's recent graduating classes who are working for the bank. Joe, Mary, Fred are people the seniors know, and their names provide a personal touch that links past, present, and future, strengthening the appeal.

The schools are often visited two or three times during the spring. And to the senior class members go the April, May, and June issues of Bank Note which give prominence to information, news, and names of interest to the prospective graduates.

Greenhorns Preferred

Like many other banks, County Trust prefers greenhorns to people with experience. Recruits are closely screened for assignment to the training programs, the operation of which is beyond the scope of this report. Guidance counselors do considerable screening, too. They know rather accurately the type of boy or girl the bank wants, and have steered many candidates to the personnel department.

The bank's recruitment goal for 1960 is 125 high school graduates—kids who have one outstanding characteristic in common, alertness. Some will move up from the parttime work program; others will be young people like Nancy whose decisions are helped by the Career Day story.

But before they're on the job the bank will have entertained at lunch the Westchester guidance counselors and commercial department chiefs as a Thank You for helping to harvest the fine 1960 crop of Nancys and Joes.

Committee on Education and Training Named by Association of Bank Women

Dr. V. Ernestine Moore, personnel director of the Wilmington Trust Company, Wilmington, Del., has been appointed chairman of a Special Committee on Education and Training of the National Association of Bank Women, according to President Helen L. Rhinehart, who is vice-president and secretary of the Brenton Companies, Des Moines, Iowa.

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Serving on the committee with Dr. Moore will be Eleanor L. Clemo, assistant secretary of the Delaware Trust Company, Wilmington; Betty A. Doernbach, assistant secretary, Fidelity - Philadelphia Trust Company, Philadelphia; Elizabeth M. Brotherhood, assistant vice-president and secretary, McLachlen Banking Corporation, Washington, D. C.; and Eleanor A. Kropf, estate planning officer, The Chase Manhattan Bank, New York, N. Y.

In announcing this committee, Miss Rhinehart stated that "the National Association of Bank Women recognizes that it is important to give attention to the educational needs of women bank executives. Women are rapidly moving into positions of responsibility and through educational and training programs they will make further progress. Educational programs should be available for women executives who wish to improve their knowledge in the field."

As a first step, Miss Rhinehart added, this committee will make a study of the educational background of NABW members, all of whom are bank officers.

The Committee on Employee Training of the American Bankers Association estimates that there are about 10,500 women bank officers.

Factors Affecting the Savings Flow into Mortgages

The portion of savings flowing into mortgages will depend upon the yield structure, expectations as to future yields, and the liquidity needs of financial institutions, said Dr. Paul F. Wendt, professor of finance, University of California, at the A.B.A. Regional Mortgage Workshop in San Francisco.

"Patterns of mortgage financing," he said, "have been greatly influenced by the competition for individual savings among various types of financial institutions and by the maintenance of interest rate ceilings for Government-insured and -guaranteed loans.

"The impact of these factors has been to increase the relative participation of those savings institutions able to attract the greatest volume of consumer savings and those institutions which have tended to favor the conventional mortgage loans, vis-à-vis the Government-insured or -guaranteed loan."

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South Carolina Bank "Touts" the Entire State

When W. W. McEachern, president of The South Carolina National Bank in Columbia, S. C., first announced his bank's new commercial and industrial division, he proclaimed the ambitious objectives of "the selling of South Carolina to the nation and the world, the bringing of new industries and business to the state, the encouragement of firms already located in South Carolina, the encouragement of the development of new industries within the state, the rendering of all possible assistance to existing industries, and the promotion of a greater appreciation of the value of industry."

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How does this bank go about implementing such a large undertaking? Here's a little more on the program which was mentioned in the February issue of BANKING.

It offers its services to every community and county in the state, not just those in which SCN has offices. The staff of the C. & I. D. division, as it is called, has (1) data to be furnished prospects on every South Carolina community of 1,000 population or over; (2) lists and descriptions of available sites; (3) lists and descriptions of available buildings; and (4) details concerning local industrial development corporations throughout the state.

The C. & I. D. division arranges itineraries, hotel reservations, office space, stenographic assistance, etc., for prospects when they visit South Carolina in search of new plant locations. It promotes South Carolina and the services of the division by national advertising in newspapers and business papers. Through personal contact, direct mail and advertising, it keeps contact with some 1,800 prospects. It publishes pamphlets, including one on corporate tax laws entitled "South Caroline Gives Green Light to New Industry With Basic Changes in Tax Laws."

Recently, the division hosted a luncheon and reception in New York for industrial prospects for South Carolina. Governor Ernest F. Hollings addressed the assemblage.

Inside the state, the division works just as hard. It has developed close, working relationships with the general assembly, the governor and lieutenant governor, the state development board, the state chamber of commerce, local chambers of commerce, railroads, utilities, contractors, realtors, and others who are interested in the state's development. It sponsors a speakers bureau. It publishes a "Suggested Community Industrial Survey Outline," to assist those communities whose leaders have not organized effective industrial development activities.

What has been the reward for all this? SCN has financed a number of new and expanding industries in the state, and has benefited communities throughout South Carolina. Says this bank: "SCN is proud of the part it has had in locating new industrial and commercial enterprises in South Carolina."

World Trade Center Proposed for Downtown New York City

A PLAN to develop a World Trade Center on a 13½-acre tract at the foot of Wall Street in downtown New York City, was proposed in a report released recently by the Downtown-Lower Manhattan Association. Inc.

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The report recommended to Gov. Nelson A. Rockefeller of New York. Gov. Robert B. Meyner of New Jersey, and Mayor Robert F. Wagner of New York City that the bi-state Port of New York Authority, which has the responsibility for developing commerce of the port, be requested to make detailed studies of the proposed center. The center would include as its two main structures a World Trade Mart and a Commerce Office-Hotel Building. In addition, the Port Authority would be requested to bring together the agencies of government and private enterprise whose cooperation is essential to the development of a World Trade Center.

In recommending development of the proposed center, the report suggested for the location an area in downtown Manhattan within a few minutes' walking distance of the tall office buildings housing banks, insurance companies, brokerage, and shipping companies so vital to international trade in the port district and the nation.

Buildings in the proposed Center, which ultimately might require from 5- to 6-million square feet of floor space, would act as a magnet to attract both business interests and governmental agencies, the report said, by offering them facilities for the development of international trade.

Facilities To Be Offered

Facilities of the two main buildings are outlined as follows in the Report:

World Trade Mart—Office and display space for trade activities, including areas for importers and exporters, freight forwarders, customs and marine insurance brokers, and

transportation offices for rail, steamship, and air cargo companies. Space for sales display of goods by both American and foreign firms and exhibit space for governmental trade missions. Receiving and storage space for exhibits. Space for commodity exchanges. Collateral services such as a trade information and introduction center, multi-lingual stenographic pool, international trade library, office facilities for transients, restaurants, and retail shops.

Commerce Office-Hotel Building—A 50- to 70-story building to house U. S. and foreign companies operating in the international field. It would include space for banking houses and brokerage firms dealing in international banking and securities markets. Floors at the top, with a view of the port district's harbor, would provide a 500- to 700-room hotel to accommodate shippers, international traders, and businessmen of the world. Flexible dining and meeting facilities also would be provided.

In the over-all development of the proposed World Trade Center, the report also considered the possibility of providing for a central securities exchange building. The report said this suggestion has been broached informally to officials of the New York Stock Exchange who have indicated a willingness to consider any proposal which might be in the long-range interest of the Exchange.

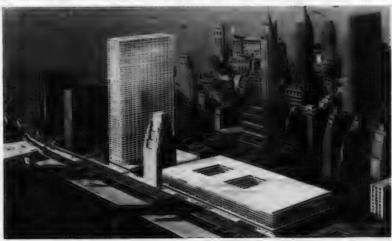
Existing buildings on the proposed site, with a few exceptions, are obsolete and deteriorated, the report said. Rather than contributing to the economic health of the area, they are a drain upon it. Suggested development would put this land back to work in a way which would strengthen the existing functional values in the area and stimulate continued productive growth, the report added.

Widespread Benefits Predicted for Entire Area

The Center's location in the leading port of this nation, at the cross-roads of the western world, would boost employment throughout the metropolitan area of more than 13,000,000 people, improve taxing capacities of municipalities and both states in this port area, and expand the purchasing power of countless people

A letter accompanying the report to the governors and mayor, signed by David Rockefeller, chairman, and John D. Butt, president, Downtown-Lower Manhattan Association, Inc., recommended that the bi-state Port of New York Authority make "further intensive and detailed studies" of the project. Mr. Rockefeller is vice-chairman of the board, The Chase Manhattan Bank.

This architectural perspective, an imaginative view from above the Brooklyn Bridge overlooking downtown New York, shows the group of buildings (lightly shaded) proposed for the World Trade Center in downtown New York City



Royal Bank Appointments



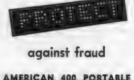


W. E. McLaughlin

The Royal Bank of Canada announces the following executive appointments. A. F. Mayne, Associate General Manager (non-domestic business) since 1955, has been appointed General Manager (non-domestic business). W. E. McLaughlin, until now Assistant to the President, has been appointed General Manager.



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Institutionalized Mortgage Banking Corporation Is Proposed

The possibility that the greater future of the mortgage banking industry, which uses more new capital than any other in the country, might well follow a pattern of expansion and growth which would create great new lending institutions making their services and facilities available to far more people than at present was proposed in Los Angeles by Robert Tharpe, vice-president of the Mortgage Bankers Association of America and president, Tharpe & Brooks, Inc., Atlanta.

It would call for a Federal Mortgage Banking Act which would build "from our present framework great new institutions that are worthy of the name 'mortgage banker,' with trust powers such as enjoyed by others and building mortgage banks with capital structures that will permit expansion and growth."

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Mr. Tharpe envisions a new type of mortgage institution all over the nation with far more powers, broader scope of operations, and one far better equipped to meet the demands of mortgage financing than is now the case. He explains it in the following statement:

"What would this XYZ Federal Mortgage Corporation be like? It would have many of the aspects of the secondary market part of the Federal National Mortgage Association, but with important differences. In effect it would be one of a number of private FNMA's, operating, however, directly in the market rather than through intermediaries. It would originate mortgages, hold mortgages, service mortgages, and trade in mortgages with other investors. It would have a broad base of private capital, supplemented by the issuance of debentures secured by a portfolio of insured and guaranteed mortgages. It would have fiduciary powers and responsibilities. It would be a new kind of investment company, comparable in many ways to the regulated investment companies in the securities field; and

(CONTINUED ON PAGE 124)

Magnetic Ink Character Recognition:

how soon and how safe?

Bring up the subject of Magnetic Ink Character Recognition, and some bankers will talk in terms of "some day."

But "some day" has already arrived. No longer experimental, magnetic ink encoding and check handling have been tested, proved and established. Several banks have been using the method for more than a year, and with totally satisfactory results. It promises to revolutionize processing of personalized and business checks, loan repayment systems, Christmas Clubs, Vacation Clubs and similar services.

Lifting the Curtain

Successful installations have an-

The A. B. Dick Model 366 Automated Offset Duplicator has proved its ability to precisionprint E-13-B magnetic ink characters.

swered many of the questions regarding the system—and specifically, questions about magnetic ink imprinting itself. What about performance? Printing characteristics? Reliability?

And most of all, what about tolerances? Printing specifications for magnetic encoding, as adopted and published by the ABA, may seem strict—particularly when expressed in decimals. A tolerance of .0625, for example, appears minute. But converted to a fraction, it becomes 1/16 of an inch—not at all formidable. Any printer worth his ink is accustomed to living with much more disciplined requirements in commercial work.

Other specifications are new to many printers. For example, the specifications governing ink laydown, film of ink and spread of ink are necessary to meet the requirements for "machine reading" as well as the familiar "eye" inspection system. But with proper testing devices and adequate quality controls, these too, pose no problem.

Controlling Signal Strength

It is commonly understood that correct signal level is basic to the efficiency of a mechanized document handling system. Density of the ink impression must be carefully controlled in order to be "read" accurately by electronic sorting equipment.

This requirement, too, is being completely satisfied—by use of the

offset process of printing. In fact, with A. B. Dick automated offset check imprinting equipment, the proper level of signal strength can be maintained—day in, day out. In the machines themselves and in the perfection of magnetic inks, A. B. Dick Company has made important contributions toward proving the practicality of the system.

Further Questions?

If you or your printer have further questions regarding imprinting for Magnetic Ink Character Recognition, we invite you to contact A. B. Dick Company, MICR Department, 5700 W. Touhy Ave., Chicago 48, Ill. Or simply return the coupon below.

A. B. DICK COMPANY 5700 W. Touhy Ave., MICR Dept. Chicago 48, Ill.

I'd like to know more about magnetic ink check imprinting with A. B. Dick automated offset duplicators.

Name______

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Address____



(CONTINUED FROM PAGE 122) it should have tax treatment comparable to these companies, with special recognition of the need to maintain reserves to assure fulfillment of the obligations it creates.

"What would such a mortgage corporation be able to accomplish? It would be able to provide securities in the form of shares or debentures that would appeal to the individual saver who wishes to invest directly. It would be able to give the institutional investor the

choice of debentures secured by mortgages as well as the mortgages themselves and broaden the market among pension funds, endowments, and other trust funds."

Tharpe pictured his plan as one which would stimulate savings and investment but which, initially, would require a measurement of Government sponsorship.

"It is even conceivable that the debentures themselves could be insured by FHA," he said. "Of course, it would be nice if a simple way could be found to avoid this Government support. However, in this case, as in the case of competing with institutions with a different tax treatment, we will need competitive insurance treatment. To do so would require some changes, surely, and it would result in some additional exposure. But this would not be nearly as radical as was the creation of FDIC and other facilities for insuring savings. Rather than suggesting, as some have done, that the cost of FHA insurance be reduced. maybe the insurance premium should remain as it is, and maybe the thinking should be in terms of FHA's accepting the bigger risk. Would this not broaden the market? Making the FHA even more attractive to the investor and channeling more funds into the program is the problem; the problem is not the FHA insurance rate. Your regular insurance companies, before reducing the premiums, broaden the coverage—then reduce rates if justified.

"The triangle within which we in mortgage banking operate would disappear. We would still serve our same institutional investors, and we would be better servants of theirs just as we are better servants to insurance companies today because, of having added the mutual savings banks to our operations. We will then have the doors open to other sources of funds, both individual and institutional. We would be, as I have said before, a stronger servant of the institutions and could help to even the flow of funds into the field of housing by using the real savings of the people and not have to resort to the Federal Treasury."

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Dividend Payments

Cash dividend payments by corporations issuing public reports amounted to \$960,000,000 in January, the Office of Business Economics, U. S. Department of Commerce, has announced. This compares with the total of \$870,000,000 reported for the corresponding month of last year.

The advance over a year ago in January payments was the same—10%—as the increase registered in the all-company total for the fourth quarter of 1959 over the same period of 1958.

(CONTINUED ON PAGE 127)



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Much of the rise centered in the broad finance group, where an increase in the mutual funds payments reflected last year's improved earnings. Higher dividends on the enlarged capitalization of the communications industry also contributed to the advance over January 1959 and limited gains were registered by most other lines. A decline in certain classes of dividends stemmed from shifts in the timing of disbursements.

For manufacturing, January dividend payments were up 8% in the aggregate, the non-ferrous metals and electrical machinery groups paying lower extras were exceptions to the general pattern of dividends.

S and M Conference Highlights

The changing environment in which banks are competing for savings and carrying on mortgage lending activities is reflected in the program for the annual Savings and Mortgage Conference of the American Bankers Association to be held at the Hotel Roosevelt in New York on March 7-9.

Efforts have been made to provide in the program information useful to bank management in the fields of investment, promotion, competition, economics, operations, and the outlook for savings and mortgages. As a result, the 3-day conference will be an intensive series of working sessions which will be featured by panels, seminars, and forums in

Work in Progress

BANKING is preparing a booklet which will include about 50 working ideas from the pages of the magazine on Bank Community Relations.

Target date: June.

which the bankers may participate with authorities from banks and government in developing practical solutions for pressing problems.

Among the subjects to be covered are: "Role of Savings in Economic Growth Without Inflation"; "What Should the Role of the Federal Government Be in the Field of Housing and Mortgage Finance?"; "Selling and Serving 'Saving at Banks' to Young People": "Cooperative Automation for Groups of Banks or Branches"; "More Effective Investment of Savings Funds"; "Are the Present Laws and Regulations Pertaining to Mortgage Finance Realistic?"; "Clarifying the Roles and Goals of Financial Institutions in the Savings Field": and "The Outlook for Savings in Banks."

At luncheon sessions, G. Russell Clark, Superintendent of Banks of the State of New York, will speak on "The Savings Interest Problem for Banks," and Everett D. Reese, former A.B.A. president and chairman, City National Bank and Trust Company, Columbus, Ohio, will talk on "Competing for the Money Business."

Details of the conference, sponsored by the Savings and Mortgage Division, may be found on page 99 of February BANKING.



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The Oil Industry Takes a New Lease

THERE has been a lot of controversy about petroleum in recent weeks. The industry is now a centenarian. Some think it has fallen on evil days; others feel it is stronger than appears on the surface.

The oil industry has been one of the victims of the steel strike, which cut off about 5% of its production, according to no less an authority than Dr. Alexander Sachs, international oil expert and consultant. Inventories have fallen, as in other lines of business, and they will have to be built up again.

It must be admitted that, with increased research and more exploratory drillings over the years, more oil reserves have been discovered than anyone dreamed of 20 years ago. But there have been other developments.

Managements in the petroleum industry have been trying to do their chores better and more efficiently, as throughout American industry. Refinery operations have been improved vastly, and there has been great effort to find uses for oil by-products, as in plastics. Millions of dollars are spent by the major companies for research in this direction. The Esso Standard figure in this category for 1960 is \$63,000,000, a new high.

There have been defensive measures as well. Oil managements are now much more careful in signing overseas contracts for new drillings. Venezuela's change in the income tax law which changed the split of profits between the oil companies and the government was the first danger signal which prompted the change in policy.

Nationalism a Problem

Then came similar rumblings from the Middle East. The oil business overseas is essentially beset with the problem of nationalism. A number of years ago the Anglo-American oil companies in Venezuela decided to hold a public opinion poll on a rather large scale.

The questions included: "Do you think your government is getting a fair price for petroleum from the

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K. M. Sedgewick

In recognition of the greatly increased importance of The Royal Bank of Canada's business in the Province of Ontario, the Directors have decided that significant Executive changes should be made without delay. Accordingly, they have appointed Mr. K. M. Sedgewick, until now General Manager, Vice-Chairman and resident Chief Executive Officer for the Province of Ontario with headquarters in Toronto. Mr. Sedgewick's election to the Board is anticipated as soon as a vacancy occurs or is created.



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foreign oil companies out of the soil of Venezuela?" "Do you think the operations of the foreign oil companies have improved the standard of living in your country?" and "Do you believe you are paying a fair price for the petroleum products produced by the foreign oil companies in your own country?" Nearly everybody said "yes."

The final question was, "Do you suggest that the foreign oil comnanies should be nationalized?" and the overwhelming majority answered "Yes." The response, in other words, was emotional rather than rational. It is still the same in Mexico, where foreign oil operations were nationalized many years ago. Some Mexican bankers are furious about the inefficiency of the government operation and about the money spent for subsidizing it to keep the price low. Yet, there is no demand to return the industry to more "know-how" in the interest of efficiency.

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The Investment Bankers Association oil and natural gas securities' committee referred recently to the "present sad state" of the oil industry. Investment companies lightened their holdings both before and after this statement. But there is a resurgence in the petroleum industry today which may belie these opinions. Producers and refiners alike are looking after their own resources, and there is a good chance they may succeed in renewed investor approval.

H. EUGENE DICKHUTH

A philosopher is a person who can explain why he is happy when he has no money.

It makes a great deal of difference whether a young man learns the "tricks of the trade" or the trade.

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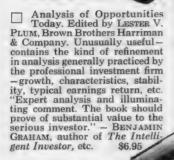
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Investing in American Industries



The Federal Reserve System

Edited by HERBERT V. PROCHNOW, Vice President, The First National Bank of Chicago. This is the first thorough study of the Federal Reserve banking system in 30 years and will be invaluable to businessmen, financiers, students, and anyone whose business it is to understand government fiscal and credit policy. "Must reading for bankers, and for others who aspire to an understanding of our banking system and its role in our complex economy." — JESSE W. TAPP, Chairman of the Board of Directors, Bank of America.

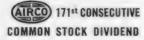
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The Board of Directors has declared a regular quarterly dividend of 62½¢ per share on the Common Stock of the Company, payable on March 5, 1960, to holders of record on February 18, 1960, and the thirty-third regular quarterly dividend of \$1.125 per share on the 4.50% Cumulative Preferred Stock, 1951 Series, of the Company, payable on March 5, 1960, to holders of record on February 18, 1960.

January 27, 1960

T. S. O'BRIEN, Secretary

New Books

About the Fed

THE FEDERAL RESERVE SYSTEM. Herbert V. Prochnow, Editor, Harper, New York. 393 pp. \$6.50. In this timely book 19 experts from business, banking, academic, and Government circles survey the System, tracing its operation through the years following World War I, the depression of the 1930s, and the inflationary decade of the 1940s. Effects of more recent Federal Reserve regulations on credit control, discount rates, and open market operations are examined. International aspects of the FRS operations are discussed, and there's a chapter on the essential characteristics of other central banking systems.

Editor Prochnow, executive vicepresident, The First National Bank of Chicago, says in his preface: "Today a knowledge of the major functions and methods of operation of the System is almost imperative for businessmen, bankers, and students of the nation's economic life." The introduction comments: "The overall record of the System's achievements since its establishment has been good. With the growth of its responsibilities and the expansion of its instruments of monetary policy, the System seems destined to have an increasing role in the American economy."

Banker contributors include: Clay J. Anderson, economic adviser, Federal Reserve Bank of Philadelphia; George W. Coleman, economist, Mercantile Trust Company, St. Louis; David C. Elliott, vice-president, The Cleveland Trust Company; Peter G. Fousek, research department, Federal Reserve Bank of New York; J. Herbert Furth, associate adviser, Division of International Finance, Federal Reserve Board; David L. Grove, vice-president and economist, Bank of America N.T. & S.A., San Francisco; James N. Land, senior vice-president, Mellon National Bank and Trust Company, Pittsburgh; Thomas O. Waage, assistant vicepresident, Federal Reserve Bank of New York; Charls E. Walker, vicepresident and economic adviser, Federal Reserve Bank of Dallas, on leave as Assistant to the Secretary of the Treasury; Christopher W. Wilson, vice-president and general counsel, The First National Bank of Chicago. There is also a chapter by E. Sherman Adams, A.BA. deputy manager in charge of the Department of Monetary Policy.

1960 CREDIT MANUAL OF COMMERCIAL LAWS. National Association of Credit Management, New York, 768 pp. \$12. New features of this annual condensation of the laws on credits include a summary of 1959 state instalment sales laws and a section of definitions of less technical words and phrases used in automation.

Investing in American Industries. Edited by Lester V. Plum. Harper, New York. 404 pp. \$6.95. This "analysis of opportunities today" covers 10 industries, each discussed by one or more experts, and each dealing with such factors as growth characteristics, stability, capital requirements, typical earnings return, competition.

Ordinary and Necessary Expenses. By William K. Carson and Herbert Weiner. Ronald Press, New York. 250 pp. \$10. Two CPAs examine 20 main categories of expenses in terms of the major test of deductibility. Key questions for possible tax planning for substantiation are suggested.

Business Comes of Age. By Karl Schriftgiesser. Harper, New York. 248 pp. \$4.50. The story of the Committee for Economic Development and what its impact on U. S. economic policies has been from 1942 until the present.

RESIDENTIAL RENEWAL IN THE URBAN CORE. By Chester Rapkin and William G. Grigsby. University of Pennsylvania Press, Philadelphia. 131 pp: \$3.75. An analysis of the demand for housing in the Philadelphia redevelopment area after reconstruction.



Standing from left: VICTOR C. VON MEDING, FRED S. FLOYD, JOSEPH C. FENNER, ERNEST J. HULTGREN, WILLIAM T. DWYER, Assistant Vice-Presidents;

Their <u>full-time</u> job: serving you!

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IDEAS

SYSTEMS

WHAT'S NEW

BOOKLETS

PRODUCTS

This department is compiled by ETHEL M. BAUER of BANKING'S staff.

DEEP-CUSHION comfort, sturdy construction, and effective styling are incorporated in new stack chairs offered by The Harter Corporation, Sturgis, Mich. Chairs have molded foam rubber cushions and legs of tapered steel tubing. Colorful upholstery in a wide range of colors



comes in four sizes and is made of 18-oz. duck which can be embroidered with bank name. Each bag has a built-in tamper-proof lock which is a Yale disc tumbler keylock with triple chrome plating.



and fabrics combines with four metal colors to complement any decor. When not in use, chairs can be stacked eight high.

An inexpensive, easy-to-operate Presstape splicer especially designed for use with 16 mm, microfilm has



just been announced by Recordak Corporation, a subsidiary of Eastman Kodak Co., 415 Madison Avenue, New York 17. The tape used to join the splice is packaged so that the operator does not touch the face of the film to complete the operation.

A NEW security safety lock night depository bag has been announced by the Can Pro Corporation, Fond du Lac, Wis. The zipper-top bag

RAPID handling and crediting of checks deposited by "lock box" customers of banks will be one of the important uses for the Copy-Cart, a new recording camera recently introduced by Peerless Photo Products, Inc., Shoreham, N. Y. The camera is a compact unit, only 16" wide by 38" deep. Mounted on casters for easy movement from one location to another, its working surface is desk height, 29" from the floor. Total weight is about 150 pounds. Checks or other opaque originals up to 9" wide and of any length can be fed into the recorder and are reduced in copying to 70% of their original linear size.

A LOW-COST In-Out Message Center, which keeps track of personnel and holds mail and messages with less desk clutter, is being manufactured by Bernay Products Co., 412 S. Wells Street, Chicago 7.



BOOKLETS

A NEW 4-page technical bulletin on Cafco Blaze-Shield, a mechanically applied, Underwriters' Laboratories-approved fireproofing system, is now available. Ask for Bulletin F-10. Columbia Acoustics and Fireproofing Co., Stanhope, N. J.

The safe transfer of money from drive-in stations to the main operating office, with elimination of extra guard duty, is emphasized in a recently published bulletin by Standard Conveyor Company. For a free copy write to North St. Paul 9, Minn.

METHODS by which firms can cut the concealed costs of imprinting on paper forms, paperboard, and cartons are described in a free booklet being offered by Pitney-Bowes, Inc., Walnut and Pacific Streets, Stamford. Conn.

Two recently released installation reports on trailer branch banking are being offered by LeFebure Corporation. Photographs show drive-up facilities, front and back counter views, and exterior over-all pictures of the trailers. For complete information write to 716 Oakland Road, N. E., Cedar Rapids, Iowa.

Service Aids is a 6-page illustrated brochure presenting a completely new, up-to-date line of service promotional aids designed by Crown Plastics, 11 South Street, Boston 11, Mass. Copy is available free of cost or obligation:

A 92-PAGE general catalog No. 100-H has just been released by Lyon Metal Products, Inc. It illustrates the complete Lyon line of steel equipment products. Contains product views, complete specifications, and installation views. Write to 1 Plant Ave., Aurora, Ill.



ING

The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 34)

There is good reason to feel that the favorable elements today are more important.

Thus far this year the record has been good. The only inconsistent element in the picture has been the stock market, but that should be expected.

Present indications are that gross product will reach \$510-billion this year; that personal income will exceed \$400-billion, an increase of \$22-billion over 1959; that corporate profits and dividends will be at a record high; that employment will exceed 65,000,000. One U. S. family out of every five today earns over \$8,000 yearly.

Certainly Congress will bear watching this session, because the Joint Economic Committee has been assembling an enormous amount of testimony and whole crates of data on what's right and wrong with us and what to do about us. One often wonders after reading all the expert testimony and the resulting summation by the committee just what became of the testimony. Much of the summation and recommendations could have been prepared without the aid of the testimony—in fact, done better by anyone with a good sense of political amenities.

Interest Rate Paradox

As long as interest rates were definitely rising, business seemed unusually optimistic, even while expressing fears of the ill effects of monetary tightness.

But the moment it appeared that the trend might be reversed, business began to take a more cautious view of the future and forecasts became less optimistic.

If high rates invariably put a brake on business and easier money invariably stimulates business, this picture would be exactly reversed.

The fact is, past records show that high rates have merely kept boom psychology from getting out of hand.

The very restraint with which business and to some extent the general public are going about their present plans is one of the best auguries we have for a good future and a healthy one.

So the reappraisal, which in retrospect occurred almost simultaneously with the promise of a budgetary surplus, was not fearful but realistic.

The shift of public preference from stocks to bonds is all part of the reappraisal and makes for easier money conditions. Any real or substantial easing of rates, of course, will not come before business shows signs of leveling off. Demand and supply still determine basically the price of money.

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Keeping Up With the Joneskis

We still have the cold war, of course, and the problem of keeping up with the Joneskis, so we should not relax too much. A truly basic difference between the United States and Russia, and one that should be more in our thoughts, is that the communists are pushing their production to the very utmost, including the output of wistful statistics, whereas our trouble is keeping our production down to healthy economic levels.

Our more Marxist liberals regard this "market con-(CONTINUED ON PAGE 136)

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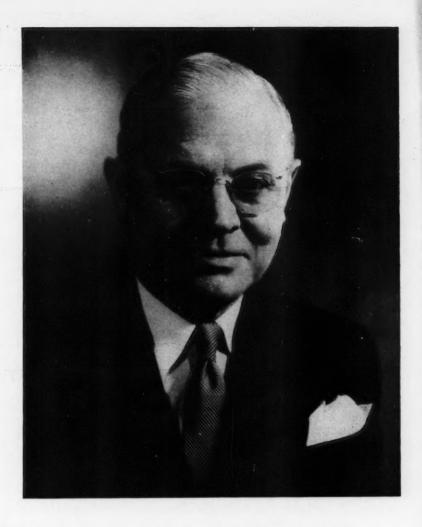
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says S. Clark Beise, President, Bank of America N.T. & S.A., San Francisco, Calif.



"We must save—in one form or another—if we are to have the capital necessary to finance our nation's production.

"The amount we save as individuals not only sets a limit on the amount of goods our nation can produce; it also sets a limit on our prosperity as a people, for prosperity still depends more on thrift than on income.

"As part of an integrated savings program—and as part of our duty as a citizen—it is a good thing for each of us to own a portion of the obligations of our country. Among the ways to do this is to purchase U. S. Savings Bonds."

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BANKING



(CONTINUED FROM PAGE 134)

trol" as immoral and think our economy should be kicked up to its full capacity, but the controls this requires would make the U. S. indistinguishable from Russia.

In any case our contest with Russia is in an interesting stage. The daily hash of contradictory information from unimpeachable sources, has everybody hopelessly mixed up. We are far head of Russia and we are far behind and we can expect this situation to continue until November, at least.

The dearth of political issues is giving unusual prominence to the question of how we are doing in this cold war. We might never know the truth because, while figures don't lie, communists certainly figure and, until there is a system of mutual statistical inspection, we can't be sure what to believe. Perhaps, along with out new intellectual concern with things Russian, Chinese, African, and what-not, we should learn how to operate an abacus instead of a computer.

President Eisenhower said he did not think the Russians gained much of a propaganda victory with their sputniks and moon shots, but if he really feels this way he is almost alone in the world.

Their Man in Havana

Not only in skywriting have the Russians out-advertised us, but consider the pure Hollywood nature of their sugary, Valentine's Day "I love you" to that Castro boy next door.

Those big round figures in all the papers of the world, including the Cambodian, were \$100,000,000 and 5,000,000 tons of sugar, and so forth. The part of the story that took a little digging was that this amount was a so-called credit, extending over five years for the purchase of twice as much sugar as Russia ever bought from Cuba, at the market price, with payment mostly in Russian goods.

As for us, in our role of Uncle Samuel Milquetoast, we buy three times this volume of Cuban sugar, pay 2 or 3 cents per pound above the market and, besides the sugar, we get kicked in the shins and splattered with insults imported from Moscow.

How we ever reached this unnatural state of timidity and why we think timidity is the way to win friends and respect is a mystery to millions who remember

Things to Watch in the Credit Picture:

Congress—What it does to support or upset the Administration's budget.

—What it does about the 4¼% ceiling on Government bond interest.

Treasury—What it asks from Congress regarding the debt limit.

—Whether it engages in advance refunding to lengthen the debt.

Federal Reserve—Whether it shows any signs of loosening the reins.

Business—How plant and equipment spending expands.

—How fast inventory building proceeds.

Consumers—Rate of spending particularly for automobiles and other durables.

-Rate of borrowing for all purposes.

-Rate of saving.

Labor—Whether it continues successfully to push up wage-price spiral.

Gold and foreign rates—Whether we can restore balance of payments and stop loss of gold.

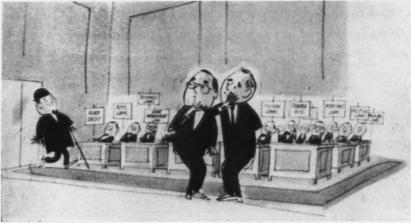
Stock and Bond Market—Just watch them.

when we walked softly and carried a big stick. Now we walk loudly and carry a bag of marshmallows.

Former President Hoover may have something when he recently told a group of leading Presbyterians (rather pointedly) that the Marxist infection "creeps through our nation by means of deluded and misled men" and that "more leaders of the Christian faiths need to realize the ultimate end of this infection among us." He said the communists were determined to destroy the free world and "they are succeeding at our very doorstep."

In other words the change has been a creeping process every bit as threatening to our survival as creeping inflation. One symptom is that we can't tell a dictator from a dictator. We get more upset when a Trujillo arrests some people threatening his regime than when a Castro arrests thousands and has several hundred executed.

WILLIAM R. KUHNS



FROM 1959 ANNUAL REPORT, GIRARD TRUST CORN EXCHANGE BANK

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